

# **MANDENI MUNICIPALITY (KZN 291) ANNUAL BUDGET**



## **2012/13 TO 2014/15 MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS**

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## Abbreviations and Acronyms

AMR	Automated Meter Reading	ℓ	litre
ASGISA	Accelerated and Shared Growth Initiative	LED	Local Economic Development
BPC	Budget Planning Committee	MEC	Member of the Executive Committee
CBD	Central Business District	MFMA	Municipal Financial Management Act Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
CM	Municipality Manager	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DBSA	Development Bank of South Africa	MTEF	Medium-term Expenditure Framework
DoRA	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework
DWA	Department of Water Affairs	NERSA	National City Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GAMAP	Generally Accepted Municipal Accounting Practice	PBO	Public Benefit Organisations
GDP	Gross domestic product	PHC	Provincial Health Care
GDS	Gauteng Growth and Development Strategy	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	PPP	Public Private Partnership
HR	Human Resources	PTIS	Public Transport Infrastructure System
HSRC	Human Science Research Council	RG	Restructuring Grant
IDP	Integrated Development Strategy	RSC	Regional Services Council
IT	Information Technology	SALGA	South African Local Government Association
kl	kilolitre	SAPS	South African Police Service
km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator		
kWh	kilowatt		

## **Part 1 – Annual Budget**

### **1.1 Mayor's Report**

SPEECH BY THE MAYOR OF MANDENI MUNICIPALITY COUNCILLOR P SISHI PRESENTED TO THE MUNICIPAL COUNCIL ON THE 31 MAY 2012, 2012/2013 BUDGET APPROVAL IN THE COMMUNITY HALL, MANDENI

Honourable Speaker,  
Councillors,  
Acting Municipal Manager,  
Directors,  
Staff,  
Members of the Media and Public,  
Ladies and Gentlemen

I am indeed humbled to be afforded the opportunity of presenting a Budget for 2012/2013 in terms of Section 24 (1) of the Municipal Finance Management Act (MFMA).

Budgeting is primarily about the choices that the municipality has to make between competing priorities and fiscal realities. The challenge is to do more with the available resources. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that sustainable municipal services are provided economically and equitably to all communities.

We are budgeting for the new generation of our five year IDP. As we conclude the old IDP we look back where we were financially. In 2007 the question was, if the municipality is a going concern or not. Only R492000 was cash that separated us from being in overdraft. The talk about turnaround strategy today was long implemented by this municipality few years ago. Honourable Speaker it is a pleasure for me to mention that our books have closed with a balance of R35.4 Million in 2011. We are now reaping the benefits of that belt tightening.

The budget we are about to adopt has proposed for the first time the capital expenditure funded internally of R16 Million. This is an increase of 113 per cent from 2011/12 financial year. The operating budget has a revenue budgeted at R131 million. This represents an increase of 22 per cent.

Mr Speaker this is all done to accelerate delivery of basic service and to fight backlogs. We view this as in line with the President's speech to expand the expenditure and in a small way address the unemployment.

The hardship expressed by the community on tariffs increase listened to Mr Speaker as part of the concerns received. In addressing these concerns I recommended that tariffs on rates should remain the same as last year.

With these words Honourable Speaker I proposed before Council for the adoption of the budget and IDP for 2012/2013 as set out in the resolutions.

I thank you

## 1.2 Council Resolutions

On 31 May 2012 the Council of Mandeni Municipality met in the Council Chambers of Mandeni Municipality Hall to consider the annual budget of the municipality for the financial year 2012/13. The Council approved and adopted the following resolutions:

1. The Council of Mandeni Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
  - 1.1. The annual budget of the municipality for the financial year 2012/13 and the multi-year and single-year capital appropriations as set out in the following tables:
    - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 13 on page 20;
    - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 14 on page 22;
    - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 15 on page 24; and
    - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 16 on page 27.
  - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
    - 1.2.1. Budgeted Financial Position as contained in Table 17 on page 29;
    - 1.2.2. Budgeted Cash Flows as contained in Table 18 on page 31;
    - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 19 on page 31;
    - 1.2.4. Asset management as contained in Table 20 on page 33; and
    - 1.2.5. Basic service delivery measurement as contained in Table 21 on page 35.
2. The Council of Mandeni Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2012:
  - 2.1. the tariffs for property rates – as set out in Annexure A,
  - 2.2. the tariffs for electricity – as set out in Annexure A
  - 2.3. the tariffs for solid waste services – as set out in Annexure A
3. The Council of Mandeni Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2012 the tariffs for other services, as set out in Annexure A respectively.
4. To give proper effect to the municipality's annual budget, the Council of Mandeni Municipality approves:
  - 4.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.
5. That the staff structure as budgeted for be approved;



6. Council resolves that the other amended budget related policies reflected in are approved for the budget year 2012/3;
7. Council resolves to adopt the amended Integrated Development Plan and the draft SDBIP reflected in **(Annexure B and C)**.

### 1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 51, 54, 58 and 59 were used to guide the compilation of the 2012/13 MTREF.

The main challenges experienced during the compilation of the 2012/13 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained electricity, roads and municipal infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies; and
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2012/13 MTREF process.

The following budget principles and guidelines directly informed the compilation of the 2012/13 MTREF:

- The 2011/12 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2012/13 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;

- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- An upper limit of R1 million was set for the following items and allocations to these items had to be supported by a list and/or motivation setting out the intention and cost of the expenditure which was used to prioritise expenditures:
  - Building -Civil;
  - Roads and Sidewalks;
  - Security contract;
  - Refuse contract;
  - Audit fees;
  - LED programmes
  - Lease – vehicles
  - Telephones; and
  - Fuel and Oil.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2012/13 Medium-term Revenue and Expenditure Framework:

**Table 1 Consolidated Overview of the 2012/13 MTREF**

Description R thousand	Ref 1	Current Year 2011/12	2012/13 Medium Term Revenue & Expenditure		
		Adjusted Budget	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Total Revenue (excluding capital transfers )		107,440	131,700	141,217	151,848
Total Expenditure		103,489	115,617	123,440	131,357
Total Capital		83,305	43,458	52,844	56,185
Total Budget		186,795	159,075	176,284	187,542

Total operating revenue has grown by 22.58 per cent or R24.2 million for the 2012/13 financial year when compared to the 2011/12 Adjustments Budget. For the two outer years, operational revenue will increase by 7.2 and 7.5 per cent respectively, equating to a total revenue growth of R44.4 million over the MTREF when compared to the 2011/12 financial year.

Total operating expenditure for the 2012/13 financial year has been appropriated at R115.6 million and translates into a budgeted surplus of R16.8 million. When compared to the 2011/12 Adjustments Budget, operational expenditure has grown by 11.7 per cent in the 2012/13 budget and by 6.76 and 6.4 per cent for each of the respective outer years of the MTREF. The operating surplus for the two outer years steadily increases to R17.7 million and then stabilise at R20 million. These surpluses will be used to fund capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R43.5 million for 2012/13 is 91 per cent less when compared to the 2011/12 Adjustment Budget. The reduction is due to restructuring of the Department of Housing and settlement as there budget does not form part of the municipality. The capital programme increases to R52.8 million in the 2012/13 financial year and then evens out in 2013/14 to R58 million. A substantial portion of the capital budget will be funded from government grants. The balance will be funded from internally generated funds.

## 1.4 Operating Revenue Framework

For Mandeni Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 85 per cent annual collection rate for property rates and other key service charges;
- Municipality tariff increases as approved by the National Energy Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2012/13 MTREF (classified by main revenue source):

**Table 2 Summary of revenue classified by main revenue source**

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousand</b>	<b>1</b>										
<b>Revenue By Source</b>											
Property rates	2	18,430	21,914	20,451	17,280	17,280	17,280	17,280	26,596	28,032	29,676
Property rates - penalties & collection charges		114	296	393	420	420	420	420	450	474	502
Service charges - electricity revenue	2	5,644	8,225	8,979	10,790	10,790	10,790	10,790	12,598	13,278	14,048
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	4,523	4,676	4,376	5,541	5,541	5,541	5,541	5,874	6,191	6,550
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		179	186	187	190	190	190	190	190	200	212
Interest earned - external investments		1,139	861	2,002	1,500	2,000	2,000	2,000	1,800	1,897	2,007
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		719	365	452	853	853	853	853	55	58	61
Licences and permits		1,586	1,805	1,191	500	-	-	-	250	264	279
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		51,258	87,684	102,339	65,144	65,144	65,144	65,144	68,846	74,969	81,739
Other revenue	2	736	3,313	6,421	11,332	5,222	5,222	5,222	15,042	15,854	16,773
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and</b>		<b>84,328</b>	<b>129,325</b>	<b>146,790</b>	<b>113,550</b>	<b>107,440</b>	<b>107,440</b>	<b>107,440</b>	<b>131,700</b>	<b>141,217</b>	<b>151,848</b>

**Table 3 Percentage growth in revenue by main revenue source**

Description	Ref	Current Year 2011/12		2012/13 Medium Term Revenue & Expenditure Framework					
		Adjusted Budget	%	Budget Year 2012/13	%	Budget Year +1 2013/14	%	Budget Year +2 2014/15	%
<b>R thousand</b>	<b>1</b>								
<b>Revenue By Source</b>									
Property rates	2	17,280	16.1	26,596	20.2	28,032	19.9	29,676	19.5
Property rates - penalties & collection charges		420	0.4	450	0.3	474	0.3	502	0.3
Service charges - electricity revenue	2	10,790	10.0	12,598	9.6	13,278	9.4	14,048	9.3
Service charges - refuse revenue	2	5,541	5.2	5,874	4.5	6,191	4.4	6,550	4.3
Rental of facilities and equipment		190	0.2	190	0.1	200	0.1	212	0.1
Interest earned - external investments		2,000	1.9	1,800	1.4	1,897	1.3	2,007	1.3
Fines		853	0.8	55	0.0	58	0.0	61	0.0
Licences and permits		-	-	250	0.2	264	0.2	279	0.2
Transfers recognised - operational		65,144	60.6	68,846	52.3	74,969	53.1	81,739	53.8
Other revenue	2	5,222	4.9	15,042	11.4	15,854	11.2	16,773	11.0
Gains on disposal of PPE		-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and</b>		<b>107,440</b>		<b>131,700</b>		<b>141,217</b>		<b>151,848</b>	
<b>Total revenue from rates and service charges</b>		<b>34,032</b>	<b>31.7</b>	<b>45,518</b>	<b>34.6</b>	<b>47,976</b>	<b>32.2</b>	<b>50,776</b>	<b>31.6</b>

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise just below one thirds of the total revenue mix. In the 2011/12 financial year, revenue from rates and services charges totalled R34 million or 31.7 per cent. This increases to R45.5 million, R47.9million and R50.7 million in the respective financial years of the MTREF. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff

policies of the Municipality. Details in this regard are contained in Table 64 MBRR SA1 (see page 87).

Operating grants and transfers totals R61 million in the 2011/12 financial year and steadily increases to R80 million by 2014/15. Note that the year-on-year growth for the 2012/13 financial year is 5.6 per cent and then flattens out to 8.87 and 8.08 per cent in the two outer years. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

**Table 4 Operating Transfers and Grant Receipts**

Description	Ref	Current Year 2011/12	2012/13 Medium Term Revenue & Expenditure		
		Adjusted Budget	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>RECEIPTS:</b>	1, 2				
<b><u>Operating Transfers and Grants</u></b>					
<b>National Government:</b>		<b>59,298</b>	<b>67,309</b>	<b>72,523</b>	<b>78,714</b>
Local Government Equitable Share		57,058	65,009	69,873	76,014
Finance Management		1,450	1,500	1,750	1,750
Municipal Systems Improvement		790	800	900	950
<b>Provincial Government:</b>		<b>2,546</b>	<b>1,037</b>	<b>1,446</b>	<b>1,525</b>
Health subsidy		1,833	296	312	330
Sport and Recreation		150	150	–	–
Provincialization of libraries		467	490	1,028	1,084
Labrary		96	101	106	111
<b>Total Operating Transfers and Grants</b>	5	<b>61,844</b>	<b>68,346</b>	<b>73,969</b>	<b>80,239</b>

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Eskom bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality and in these tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of

goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of city and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

#### **1.4.1 Property Rates**

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance and Traditional affairs. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA)
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 100 per cent will be granted to owners of rate-able property .
- In this regard the following stipulations are relevant:
  - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
  - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health
  - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
  - The property must be categorized as residential.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2012/13 financial year based on a new valuation roll implementation from 1 July 2012 is contained below:

As a result there will be no tariff increase applied on rates. The increase on market value of property has a general increase of 15 to 35 per cent increase on rates.

**Table 5 Comparison of proposed rates to levied for the 2012/13 financial year**

<b>Cartegories</b>	<b>Current Tariff (1 July 2011)</b>	<b>New Tariff (1 July 2012)</b>
	<b>c</b>	<b>c</b>
Residencial	<b>0.0121</b>	<b>0.0121</b>
Commercial	<b>0.0193</b>	<b>0.0193</b>
Indusrtial	<b>0.0205</b>	<b>0.0205</b>
Industrial Estate Special	<b>0.0178</b>	<b>0.0178</b>
Mining	<b>0.0229</b>	<b>0.0229</b>
Agricultural	<b>0.0030</b>	<b>0.0030</b>
Institutional	<b>0.0181</b>	<b>0.0181</b>
Special Purpose	-	-
Public Services Infrastructure	<b>0.0030</b>	<b>0.0030</b>
Vacant land		<b>0.0193</b>
Municipal Property	-	-

#### 1.4.2 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. An 13.05 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2012.

Considering the Eskom increases, the consumer tariff had to be increased by 5.4, 11.5 and 13.05 per cent to offset the additional bulk purchase cost from 1 July 2012. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

Registered indigents will again be granted 50 kWh per 30-day period free of charge. In addition those residential customers that are not registered as indigent, but that consume less than 50 kWh per 30-day period will receive 50 kWh free of charge.

The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for domestic customers:

**Table 6 Comparison between current electricity charges and increases (Domestic)**

<b>Monthly consumption kWh</b>	<b>Current amount payable R</b>	<b>Proposed amount payable R</b>	<b>Difference (Increase) R</b>	<b>Percentage change</b>
<b>50</b>	29.00	30.56	1.56	5.4%
<b>350</b>	234,50	266.15	31.65	13.05%
<b>600</b>	435.60	483.60	48.00	11.05%

It should further be noted that the municipality has adhered to NERSA's advised that a stepped tariff structure needs to be implemented from 1 July 2011. The effect thereof is that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor).

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the Municipality. Most of the suburbs and inner Municipality reticulation network was designed or strengthened in the early 1980's with an expected 20-25 year life-expectancy. The upgrading of the Municipality's network has therefore become a strategic priority, especially the substations and transmission lines.

The budget for the Electricity Distribution Division can only be utilised for certain committed upgrade projects and to strengthen critical infrastructure (e.g. substations without back-up supply). It is estimated that special funding for electricity bulk infrastructure to the amount of R1.7 million per year for five years will be necessary to steer the Municipality out of this predicament.

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers. A funding model needs to be developed to mitigate this burden.

#### **1.4.3 Waste Removal and Impact of Tariff Increases**

Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributor to this deficit is the high cost of outsourced contract. Considering the deficit, it is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and that this include investigating alternative service delivery models. The outcomes of this investigation will be incorporated into the next planning cycle.

A 6 per cent increase in the waste removal tariff is proposed from 1 July 2012. Higher increases will not be viable in 2012/13 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher than 6 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

#### **1.4.4 Overall impact of tariff increases on households**

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to between 6 and 13.05 per cent.



**Table 7 MBRR Table SA14 – Household bills****KZN291 Mandeni - Supporting Table SA14 Household bills**

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13 % incr.	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Rand/cent											
<b>Monthly Account for Household - 'Middle Income Range'</b>	1										
<b>Rates and services charges:</b>											
Property rates		396.00	362.00	383.72	432.20	432.20	432.20	–	458.14	485.62	514.76
Electricity: Basic levy		70.22	93.12	98.70	134.86	134.86	134.86	13.1%	168.57	209.03	441.05
Electricity: Consumption		408.58	541.04	689.07	1,164.44	1,164.44	1,164.44	13.1%	1,455.55	1,804.89	2,003.43
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal		80.48	85.72	90.86	96.31	96.31	96.30	6.0%	108.20	114.69	121.57
Other											
<b>sub-total</b>		<b>955.28</b>	<b>1,081.88</b>	<b>1,262.35</b>	<b>1,827.81</b>	<b>1,827.81</b>	<b>1,827.80</b>	<b>19.8%</b>	<b>2,190.46</b>	<b>2,614.23</b>	<b>3,080.81</b>
VAT on Services											
<b>Total large household bill:</b>		<b>955.28</b>	<b>1,081.88</b>	<b>1,262.35</b>	<b>1,827.81</b>	<b>1,827.81</b>	<b>1,827.80</b>	<b>19.8%</b>	<b>2,190.46</b>	<b>2,614.23</b>	<b>3,080.81</b>
<b>% increase/-decrease</b>			<b>13.3%</b>	<b>16.7%</b>	<b>44.8%</b>	<b>–</b>	<b>(0.0%)</b>		<b>19.8%</b>	<b>19.3%</b>	<b>17.8%</b>
<b>Monthly Account for Household - 'Affordable Range'</b>	2										
<b>Rates and services charges:</b>											
Property rates		121.00	69.00	73.14	75.39	75.39	75.39	–	79.92	84.71	89.79
Electricity: Basic levy		70.22	85.72	98.70	150.04	150.04	150.04	13.1%	187.55	232.56	258.14
Electricity: Consumption		209.40	238.44	370.56	231.44	231.44	231.44	13.1%	289.30	358.73	398.19
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal		80.48	85.72	90.86	96.31	96.31	96.31	6.0%	108.21	114.71	121.59
Other											
<b>sub-total</b>		<b>481.10</b>	<b>478.88</b>	<b>633.26</b>	<b>553.18</b>	<b>553.18</b>	<b>553.18</b>	<b>20.2%</b>	<b>664.98</b>	<b>790.71</b>	<b>867.71</b>
VAT on Services											
<b>Total small household bill:</b>		<b>481.10</b>	<b>478.88</b>	<b>633.26</b>	<b>553.18</b>	<b>553.18</b>	<b>553.18</b>	<b>20.2%</b>	<b>664.98</b>	<b>790.71</b>	<b>867.71</b>
<b>% increase/-decrease</b>			<b>(0.5%)</b>	<b>32.2%</b>	<b>(12.6%)</b>	<b>–</b>	<b>–</b>		<b>20.2%</b>	<b>18.9%</b>	<b>9.7%</b>

## 1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2012/13 budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2012/13 budget and MTREF (classified per main type of operating expenditure):

**Table 8 Summary of operating expenditure by standard classification item**

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Expenditure By Type</b>											
Employee related costs	2	21,656	23,832	28,103	33,757	35,687	35,687	35,687	41,398	43,634	46,165
Remuneration of councillors		5,517	6,214	6,211	7,637	7,637	7,637	7,637	7,969	8,400	8,887
Debt impairment	3	–	31,796	9,689	4,248	4,248	4,248	4,248	2,842	2,996	3,169
Depreciation & asset impairment	2	–	3,778	17,507	3,307	3,307	3,307	3,307	4,759	5,593	5,912
Finance charges		1,282	78	43	–	–	–	–	–	–	–
Bulk purchases	2	3,351	4,367	5,868	7,586	7,586	7,586	7,586	9,300	9,802	10,371
Other materials	8	2,349	7,091	5,432	8,339	8,589	8,589	8,589	11,523	12,145	12,850
Contracted services		5,608	6,623	8,978	9,978	10,278	10,278	10,278	11,014	11,609	12,282
Transfers and grants		3,394	46,614	13,596	7,944	7,944	7,944	7,944	5,032	6,356	7,058
Other expenditure	4, 5	37,237	12,888	14,605	23,194	18,213	18,213	18,213	21,778	22,905	24,663
Loss on disposal of PPE		–	18	585	–	–	–	–	–	–	–
<b>Total Expenditure</b>		<b>80,395</b>	<b>143,298</b>	<b>110,617</b>	<b>105,990</b>	<b>103,489</b>	<b>103,489</b>	<b>103,489</b>	<b>115,617</b>	<b>123,440</b>	<b>131,357</b>

The budgeted allocation for employee related costs for the 2012/13 financial year totals R41.4 million , which equals 35.8 per cent of the total operating expenditure. Based on the collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 7 per cent for the 2012/13 financial year. An annual increase of 5.4 per cent has been included in the two outer years of the MTREF. As part of the Municipality's cost reprioritization and cash management strategy vacancies have been significantly rationalized downwards. As part of the planning assumptions and interventions most vacancies were are frozen from the budget and a report was compiled by the Corporate Services Department in relation to the prioritization of critical vacancies within the Municipality. The outcome of this exercise was the inclusion of R5.08 million in the 2012/13 financial year relating to critical and strategically important vacancies. In addition expenditure against overtime was significantly reduced, with provisions against this budget item only being provided for emergency services and other critical functions.

It should be noted that the total financial implication could not be determined as the applicable municipal wage curve (representing equal pay for equal work at all municipalities in South Africa) has not been finalised.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 75 per cent and the Debt Write-off Policy of the Municipality. For the 2012/13 financial year the additional amount equates to R2.8 million to R3.1 million by 2014/15 . While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R4.7million for the 2012/13

financial and equates to 4.1 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

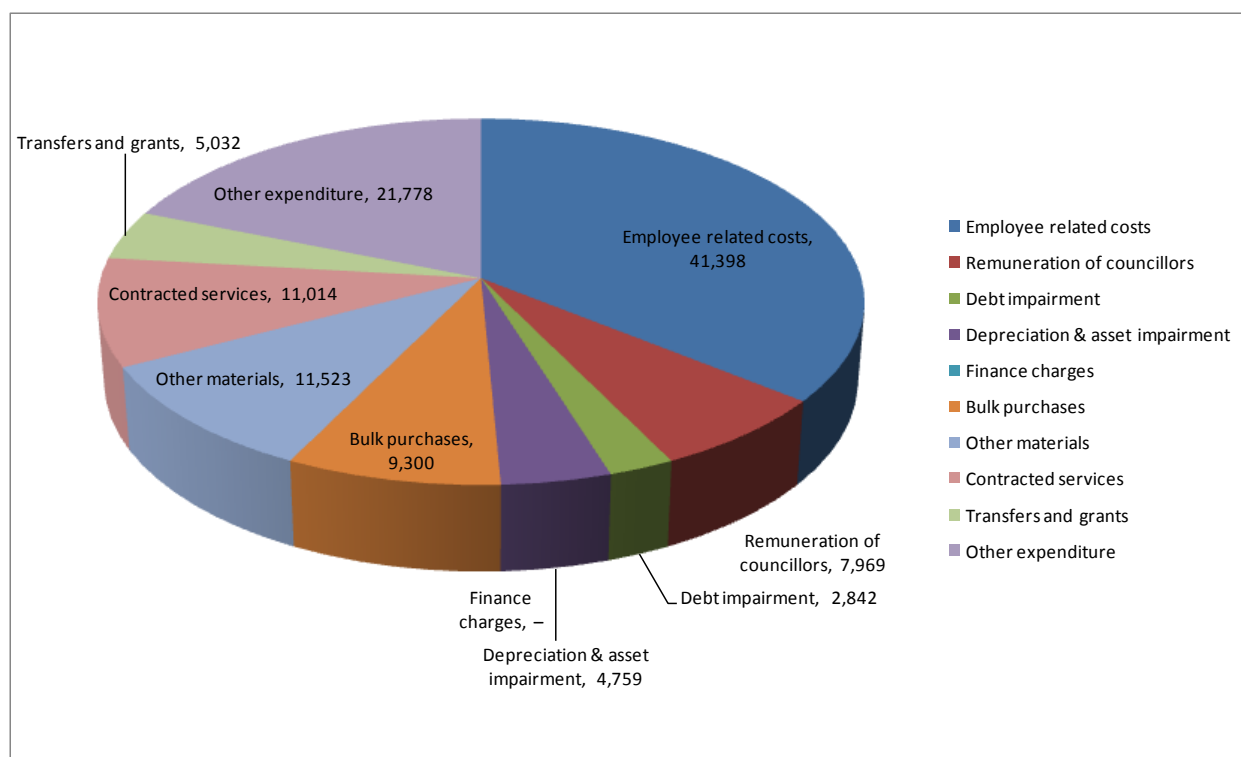
Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other materials comprises of amongst others the purchase of materials for maintenance, cleaning materials and chemicals. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure. For 2012/13 the appropriation against this group of expenditure has grown by 10 per cent (R11.5 million) and continues to 9.8 and 9.8 per cent for the two outer years of which budget allocation is in excess of R12.8 million by 2014/15.

Contracted services has been identified as a cost saving area for the Municipality. As part of the compilation of the 2012/13 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2012/13 financial year, this group of expenditure totals R11 million and has escalated by 9.5 per cent. As part of the process of identifying further cost efficiencies, a business process reengineering project will commence in the 2012/13 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out. The outcome of this exercise will be factored into the next budget cycle and it is envisaged that additional cost savings will be implemented.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been limited to 19.6 per cent for 2012/13 and curbed at 5.1 and 5.1 per cent for the two outer years, indicating that significant cost savings have been already realised.

The following table gives a breakdown of the main expenditure categories for the 2012/13 financial year.



**Figure 1 Main operational expenditure categories for the 2012/13 financial year**

### 1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2012/13 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

**Table 9 Operational repairs and maintenance**

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
Repairs and Maintenance by Expenditure Item	8									
Other materials		2,349	7,091	5,432	8,589	8,589	8,589	11,523	12,145	12,850
Total Repairs and Maintenance Exp	9	2,349	7,091	5,432	8,589	8,589	8,589	11,523	12,145	12,850

During the compilation of the 2012/13 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and

historic deferred maintenance and the weather pattern disasters especially to rural roads. To this end, repairs and maintenance for roads was substantially increased by 194 per cent in the 2012/13 financial year, from R1.7 million to R5 million. During the 2012 Adjustment Budget this allocation was adjusted slightly higher to R4 million owing to the disasters in the Municipality area. The total allocation for 2012/13 equates to R11.5million a growth of 34 per cent in relation to the Adjustment Budget and continues to grow at 5.3 and 5.8 per cent over the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises of 8.3, 8.4 and 8.31 per cent for the respective financial years of the MTREF.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

**Table 10 Repairs and maintenance per asset class**

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand	1									
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>										
<u>Infrastructure</u>		953	3,944	1,952	2,707	4,657	4,657	6,957	7,333	214
<u>Community</u>		466	806	825	2,065	1,565	1,565	1,565	1,650	81
<u>Heritage assets</u>		-	-	-	-	-	-	-	-	-
<u>Investment properties</u>		-	-	-	-	-	-	-	-	-
<u>Other assets</u>		929	2,341	1,475	3,567	2,367	2,367	3,001	3,163	43
<b>Total Repairs and Maintenance Expenditure</b>	<b>1</b>	<b>2,349</b>	<b>7,091</b>	<b>4,253</b>	<b>8,339</b>	<b>8,589</b>	<b>8,589</b>	<b>11,523</b>	<b>12,145</b>	<b>338</b>
<b>R&amp;M as a % of PPE</b>		5.9%	3.8%	2.0%	3.7%	13.2%	13.2%	0.0%	0.0%	0.1%
<b>R&amp;M as % Operating Expenditure</b>		2.9%	4.9%	3.8%	7.9%	8.3%	8.3%	0.0%	9.8%	0.3%

For the 2012/13 financial year, 56 per cent or R5.06 million of total repairs and maintenance will be spent on infrastructure assets. Community assets has been allocated R1 million of total repairs and maintenance equating to 11 per cent.

### 1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register 3000 or more indigent households during the 2012/13 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

## 1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

**Table 11 2012/13 Medium-term capital budget per vote**

Vote Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue &		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - Executive and Council		–	30	3	539	39	39	39	–	–	–
Vote 2 - Budget and Terasury		16	13	5	–	–	–	–	175	–	–
Vote 3 - Corporate Services		44	6	10	–	–	–	–	173	–	–
Vote 4 - Community and Social Services		19	223	128	–	–	–	–	1,230	4,430	18,000
Vote 5 - Sport and Recreation		–	–	–	–	–	–	–	–	3,000	15,000
Vote 6 - Public Safety		49	10	3	–	–	–	–	–	–	–
Vote 7 - Housing		1,370	24,208	5,876	29,487	29,487	29,487	29,487	–	–	–
Vote 8 - Health		5	–	25	–	–	–	–	–	–	–
Vote 9 - Planning and Development		18,642	18,614	11,961	12,180	28,896	28,896	28,896	7,391	22,135	21,582
Vote 10 - Environmental Protection		–	23	0	730	730	730	730	580	1,660	1,060
Vote 11 - Road transport		–	–	11,513	27,262	24,152	24,152	24,152	31,939	21,099	(1,677)
Vote 12 - Waste Management		–	–	–	–	–	–	–	–	–	–
Vote 13 - Electricity		–	–	943	–	–	–	–	1,970	520	2,220
<b>Total Capital Expenditure - Vote</b>		<b>20,146</b>	<b>43,127</b>	<b>30,468</b>	<b>70,197</b>	<b>83,303</b>	<b>83,303</b>	<b>83,303</b>	<b>43,458</b>	<b>52,844</b>	<b>56,185</b>

For 2012/13 an amount of R43.8 million has been appropriated for the development of infrastructure which represents 28.6 per cent of the total capital budget. In the outer years this amount totals R52.8 million and R56.1 million respectively for each of the financial years. Transport and roads receives the highest allocation of R31.9 million in 2012/13 which equates to 73.7 per cent followed by planning and development at 16.8 per cent, R7.3 million.

Total new assets represent 11 per cent or R4.9 million of the total capital budget while asset renewal equates to 88.7 per cent or R37 million. Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- Office refurbishment – R 2 million;
- 10m3 tipper truck - R 1.2 million;
- Rehabilitation of roads - R 5 million;
- Refurbish 11kv to 6.6kva network - R 1.75 million;
- Roads phases 6 in Sundumbili - R10.1 million;
- Inyoni taxi route phase 1 – R 497 145;
- Inyoni taxi route phase 2 – R 5.3 million;
- Roads phase 7 in Sundumbili – R 8.8 million;
- Sport facilities – R 547 009
- Informal Market stalls – R 1.7 million;

## 1.7 Annual Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2012/13 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 12 MBRR Table A1 - Budget Summary

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	18,544	22,210	20,844	17,700	17,700	17,700	17,700	27,046	28,506	30,178
Service charges	10,167	12,902	13,355	16,331	16,331	16,331	16,331	18,472	19,469	20,598
Investment revenue	1,139	861	2,002	1,500	2,000	2,000	2,000	1,800	1,897	2,007
Transfers recognised - operational	51,258	87,684	102,339	65,144	65,144	65,144	65,144	68,846	74,969	81,739
Other own revenue	3,220	5,669	8,250	12,874	6,264	6,264	6,264	15,537	16,376	17,325
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>84,328</b>	<b>129,325</b>	<b>146,790</b>	<b>113,550</b>	<b>107,440</b>	<b>107,440</b>	<b>107,440</b>	<b>131,700</b>	<b>141,217</b>	<b>151,848</b>
Employee costs	21,656	23,832	28,103	33,757	35,687	35,687	35,687	41,398	43,634	46,165
Remuneration of councillors	5,517	6,214	6,211	7,637	7,637	7,637	7,637	7,969	8,400	8,887
Depreciation & asset impairment	-	3,778	17,507	3,307	3,307	3,307	3,307	4,759	5,593	5,912
Finance charges	1,282	78	43	-	-	-	-	-	-	-
Materials and bulk purchases	5,700	11,458	11,301	15,925	16,175	16,175	16,175	20,823	21,948	23,221
Transfers and grants	3,394	46,614	13,596	7,944	7,944	7,944	7,944	5,032	6,356	7,058
Other expenditure	42,845	51,324	33,856	37,420	32,739	32,739	32,739	35,635	37,510	40,115
<b>Total Expenditure</b>	<b>80,395</b>	<b>143,298</b>	<b>110,617</b>	<b>105,990</b>	<b>103,489</b>	<b>103,489</b>	<b>103,489</b>	<b>115,617</b>	<b>123,440</b>	<b>131,357</b>
<b>Surplus/(Deficit)</b>	<b>3,933</b>	<b>(13,972)</b>	<b>36,173</b>	<b>7,560</b>	<b>3,951</b>	<b>3,951</b>	<b>3,951</b>	<b>16,083</b>	<b>17,777</b>	<b>20,491</b>
Transfers recognised - capital	(17,758)	(42,789)	(29,346)	(62,639)	(79,355)	(79,355)	(79,355)	(27,375)	(35,067)	(35,694)
Contributions recognised - capital & contributed a	15,370	42,450	28,225	55,080	75,406	75,406	75,406	11,292	17,290	15,203
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>1,545</b>	<b>(14,311)</b>	<b>35,051</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>(0)</b>	<b>0</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>1,545</b>	<b>(14,311)</b>	<b>35,051</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>(0)</b>	<b>0</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>20,146</b>	<b>43,127</b>	<b>30,468</b>	<b>70,197</b>	<b>83,303</b>	<b>83,303</b>	<b>83,303</b>	<b>43,458</b>	<b>52,844</b>	<b>56,185</b>
Transfers recognised - capital	17,758	42,789	29,346	62,639	79,355	79,355	79,355	27,375	35,067	35,694
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	2,388	338	1,121	7,559	3,949	3,949	3,949	16,083	17,777	20,491
<b>Total sources of capital funds</b>	<b>20,146</b>	<b>43,127</b>	<b>30,468</b>	<b>70,197</b>	<b>83,303</b>	<b>83,303</b>	<b>83,303</b>	<b>43,458</b>	<b>52,844</b>	<b>56,185</b>
<b>Financial position</b>										
Total current assets	47,843	41,486	42,784	37,300	37,300	37,300	37,300	49,500	49,500	44,000
Total non current assets	39,721	185,925	207,909	224,465	65,000	65,000	225,080	243,080	260,080	281,080
Total current liabilities	17,794	23,861	11,179	13,500	13,500	13,500	13,746	12,200	14,220	15,750
Total non current liabilities	331	5,273	6,119	-	-	-	7,034	8,000	9,000	10,000
Community wealth/Equity	69,378	198,276	233,396	248,265	88,800	88,800	241,600	272,380	286,360	299,330
<b>Cash flows</b>										
Net cash from (used) operating	48,593	37,504	44,158	78,637	78,637	78,637	78,637	80,461	88,506	97,356
Net cash from (used) investing	(32,657)	(19,618)	(40,076)	(72,687)	(72,687)	(72,687)	(72,687)	(70,197)	(77,217)	(84,938)
Net cash from (used) financing	(6,268)	(210)	(196)	50	-	-	-	-	-	-
<b>Cash/cash equivalents at the year end</b>	<b>14,214</b>	<b>31,890</b>	<b>35,775</b>	<b>41,775</b>	<b>41,725</b>	<b>41,725</b>	<b>41,725</b>	<b>51,989</b>	<b>63,279</b>	<b>75,696</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	14,214	31,889	35,775	25,000	25,000	25,000	33,000	37,500	41,000	44,000
Application of cash and investments	(59,015)	22,610	12,934	6,587	5,846	5,846	19,349	12,434	17,627	26,280
<b>Balance - surplus (shortfall)</b>	<b>73,229</b>	<b>9,279</b>	<b>22,841</b>	<b>18,413</b>	<b>19,154</b>	<b>19,154</b>	<b>13,651</b>	<b>25,066</b>	<b>23,373</b>	<b>17,720</b>
<b>Asset management</b>										
Asset register summary (WDV)	59,896	194,939	233,980	256,080	256,080	256,080	280,000	280,000	300,000	325,000
Depreciation & asset impairment	-	3,778	17,507	3,307	3,307	3,307	4,759	4,759	5,593	5,912
Renewal of Existing Assets	-	-	-	-	-	-	-	37,059	26,699	4,643
Repairs and Maintenance	2,349	7,091	4,253	8,339	8,589	8,589	11,523	11,523	12,145	338
<b>Free services</b>										
Cost of Free Basic Services provided	524	610	730	770	770	770	974	974	1,070	1,160
Revenue cost of free services provided	3,324	3,510	3,730	3,800	3,800	3,800	4,374	4,374	4,570	4,710
<b>Households below minimum service level</b>										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	15	15	15	15	15	15	15	15	16	16
Refuse:	9	9	9	9	9	9	9	9	10	10

**Explanatory notes to MBRR Table A1 - Budget Summary**

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;
    - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
    - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This place the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2014/15, when a small surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.



**Table 13 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

Standard Classification Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousand</b>	<b>1</b>									
<b>Revenue - Standard</b>										
<i>Governance and administration</i>		50,618	69,657	92,368	88,729	83,119	83,119	105,004	112,651	121,674
Executive and council		2,593	14,867	2,040	2,045	2,045	2,045	4,141	4,684	5,987
Budget and treasury office		47,916	54,700	90,230	86,684	81,074	81,074	100,863	107,967	115,687
Corporate services		108	90	98	—	—	—	—	—	—
<i>Community and public safety</i>		3,211	27,469	12,740	4,015	3,515	3,515	1,458	1,890	1,995
Community and social services		137	85	138	778	778	778	806	1,203	1,267
Sport and recreation		11	13	12	12	12	12	12	13	13
Public safety		2,341	2,155	1,639	1,392	892	892	344	363	384
Housing		—	24,208	9,848	—	—	—	—	—	—
Health		722	1,009	1,104	1,833	1,833	1,833	296	312	330
<i>Economic and environmental services</i>		19,457	18,752	25,927	1,100	1,100	1,100	300	316	335
Planning and development		19,457	18,752	25,927	1,100	1,100	1,100	300	316	335
Road transport		—	—	—	—	—	—	—	—	—
Environmental protection		—	—	—	—	—	—	—	—	—
<i>Trading services</i>		11,041	13,447	15,754	19,705	19,705	19,705	24,938	26,360	27,844
Electricity		6,518	8,771	11,378	13,164	13,164	13,164	14,972	15,856	16,731
Water		—	—	—	—	—	—	—	—	—
Waste water management		—	—	—	—	—	—	—	—	—
Waste management		4,524	4,676	4,376	6,541	6,541	6,541	9,966	10,504	11,113
<i>Other</i>	4	—	—	—	—	—	—	—	—	—
<b>Total Revenue - Standard</b>	<b>2</b>	<b>84,328</b>	<b>129,325</b>	<b>146,790</b>	<b>113,550</b>	<b>107,440</b>	<b>107,440</b>	<b>131,700</b>	<b>141,217</b>	<b>151,848</b>
<b>Expenditure - Standard</b>										
<i>Governance and administration</i>		33,147	60,916	58,565	49,437	46,487	46,487	46,052	49,582	52,913
Executive and council		8,965	13,483	12,309	15,821	17,221	17,221	18,168	19,149	20,260
Budget and treasury office		19,437	41,564	39,083	26,684	22,434	22,434	19,202	21,464	23,165
Corporate services		4,745	5,869	7,173	6,932	6,832	6,832	8,682	8,969	9,489
<i>Community and public safety</i>		9,443	36,334	23,299	16,388	16,888	16,888	18,723	26,221	52,876
Community and social services		3,071	4,648	5,091	6,107	6,657	6,657	7,202	11,077	25,028
Sport and recreation		420	653	384	615	615	615	636	3,671	15,710
Public safety		4,435	5,491	6,274	7,303	7,503	7,503	8,241	8,686	9,190
Housing		—	24,220	9,871	—	—	—	—	—	—
Health		1,517	1,322	1,680	2,363	2,113	2,113	2,644	2,787	2,949
<i>Economic and environmental services</i>		29,912	34,454	12,804	28,245	24,285	24,285	42,148	40,855	18,405
Planning and development		25,448	25,366	6,084	13,374	11,274	11,274	22,082	31,245	32,928
Road transport		2,209	5,131	3,246	10,251	8,891	8,891	15,085	3,313	(20,490)
Environmental protection		2,255	3,956	3,473	4,619	4,119	4,119	4,980	6,297	5,966
<i>Trading services</i>		10,280	11,933	17,070	19,480	19,780	19,780	24,778	24,559	27,654
Electricity		5,333	6,628	9,273	10,301	10,601	10,601	14,812	14,056	16,541
Water		—	—	—	—	—	—	—	—	—
Waste water management		—	—	—	—	—	—	—	—	—
Waste management		4,948	5,305	7,797	9,179	9,179	9,179	9,966	10,504	11,113
<i>Other</i>	4	—	—	—	—	—	—	—	—	—
<b>Total Expenditure - Standard</b>	<b>3</b>	<b>82,783</b>	<b>143,636</b>	<b>111,739</b>	<b>113,550</b>	<b>107,440</b>	<b>107,440</b>	<b>131,700</b>	<b>141,217</b>	<b>151,848</b>
<b>Surplus/(Deficit) for the year</b>		<b>1,545</b>	<b>(14,311)</b>	<b>35,051</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>0</b>

**Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

**Table 14 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Vote Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousand</b>										
<b>Revenue by Vote</b>	1									
Vote 1 - Executive and Council		2,593	14,867	2,040	2,045	2,045	2,045	4,141	4,684	5,987
Vote 2 - Budget and Terasury		47,916	54,784	90,230	86,684	81,074	81,074	100,863	107,967	115,687
Vote 3 - Corporate Services		108	90	98	-	-	-	-	-	-
Vote 4 - Community and Social Services		137	85	138	778	778	778	806	1,203	1,267
Vote 5 - Sport and Recreation		11	13	12	12	12	12	12	13	13
Vote 6 - Public Safety		2,341	2,155	1,639	1,392	892	892	344	363	384
Vote 7 - Housing		-	24,208	9,848	-	-	-	-	-	-
Vote 8 - Health		722	1,009	1,104	1,833	1,833	1,833	296	312	330
Vote 9 - Planning and Development		19,457	18,752	25,927	1,100	1,100	1,100	300	316	335
Vote 10 - Environmental Protection		-	-	-	-	-	-	-	-	-
Vote 11 - Road transport		-	-	-	-	-	-	-	-	-
Vote 12 - Waste Management		4,524	4,676	4,376	6,541	6,541	6,541	9,966	10,504	11,113
Vote 13 - Electricity		6,518	8,771	11,378	13,164	13,164	13,164	14,972	15,856	16,731
Vote 14 - -		-	-	-	-	-	-	-	-	-
Vote 15 - -		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>84,328</b>	<b>129,410</b>	<b>146,790</b>	<b>113,550</b>	<b>107,440</b>	<b>107,440</b>	<b>131,700</b>	<b>141,217</b>	<b>151,848</b>
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1 - Executive and Council		8,965	13,483	12,309	15,821	17,221	17,221	18,168	19,149	20,260
Vote 2 - Budget and Terasury		19,437	41,730	39,083	26,684	22,434	22,434	19,202	21,464	23,165
Vote 3 - Corporate Services		4,745	5,869	7,173	6,932	6,832	6,832	8,682	8,969	9,489
Vote 4 - Community and Social Services		3,071	4,648	5,091	6,107	6,657	6,657	7,202	11,077	25,028
Vote 5 - Sport and Recreation		420	653	384	615	615	615	636	3,671	15,710
Vote 6 - Public Safety		4,435	5,491	6,274	7,303	7,503	7,503	8,241	8,686	9,190
Vote 7 - Housing		-	24,220	9,871	-	-	-	-	-	-
Vote 8 - Health		1,517	1,322	1,680	2,363	2,113	2,113	2,644	2,787	2,949
Vote 9 - Planning and Development		25,448	25,366	6,084	13,374	11,274	11,274	22,082	31,245	32,928
Vote 10 - Environmental Protection		2,255	3,956	3,473	4,619	4,119	4,119	4,980	6,297	5,966
Vote 11 - Road transport		2,209	5,131	3,246	10,251	8,891	8,891	15,085	3,313	(20,490)
Vote 12 - Waste Management		4,948	5,305	7,797	9,179	9,179	9,179	9,966	10,504	11,113
Vote 13 - Electricity		5,333	6,628	9,273	10,301	10,601	10,601	14,812	14,056	16,541
Vote 14 - -		-	-	-	-	-	-	-	-	-
Vote 15 - -		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	<b>82,783</b>	<b>143,803</b>	<b>111,739</b>	<b>113,550</b>	<b>107,440</b>	<b>107,440</b>	<b>131,700</b>	<b>141,217</b>	<b>151,848</b>
<b>Surplus/(Deficit) for the year</b>	2	<b>1,545</b>	<b>(14,393)</b>	<b>35,051</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>0</b>

**Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the city and water trading services.

**Table 15 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue &		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Revenue By Source</b>											
Property rates	2	18,430	21,914	20,451	17,280	17,280	17,280	17,280	26,596	28,032	29,676
Property rates - penalties & collection charges		114	296	393	420	420	420	420	450	474	502
Service charges - electricity revenue	2	5,644	8,225	8,979	10,790	10,790	10,790	10,790	12,598	13,278	14,048
Service charges - water revenue	2	—	—	—	—	—	—	—	—	—	—
Service charges - sanitation revenue	2	—	—	—	—	—	—	—	—	—	—
Service charges - refuse revenue	2	4,523	4,676	4,376	5,541	5,541	5,541	5,541	5,874	6,191	6,550
Service charges - other		—	—	—	—	—	—	—	—	—	—
Rental of facilities and equipment		179	186	187	190	190	190	190	190	200	212
Interest earned - external investments		1,139	861	2,002	1,500	2,000	2,000	2,000	1,800	1,897	2,007
Interest earned - outstanding debtors		—	—	—	—	—	—	—	—	—	—
Dividends received		—	—	—	—	—	—	—	—	—	—
Fines		719	365	452	853	853	853	853	55	58	61
Licences and permits		1,586	1,805	1,191	500	—	—	—	250	264	279
Agency services		—	—	—	—	—	—	—	—	—	—
Transfers recognised - operational		51,258	87,684	102,339	65,144	65,144	65,144	65,144	68,846	74,969	81,739
Other revenue	2	736	3,313	6,421	11,332	5,222	5,222	5,222	15,042	15,854	16,773
Gains on disposal of PPE		—	—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)		84,328	129,325	146,790	113,550	107,440	107,440	107,440	131,700	141,217	151,848
<b>Expenditure By Type</b>											
Employee related costs	2	21,656	23,832	28,103	33,757	35,687	35,687	35,687	41,398	43,634	46,165
Remuneration of councillors		5,517	6,214	6,211	7,637	7,637	7,637	7,637	7,969	8,400	8,887
Debt impairment	3	—	31,796	9,689	4,248	4,248	4,248	4,248	2,842	2,996	3,169
Depreciation & asset impairment	2	—	3,778	17,507	3,307	3,307	3,307	3,307	4,759	5,593	5,912
Finance charges		1,282	78	43	—	—	—	—	—	—	—
Bulk purchases	2	3,351	4,367	5,868	7,586	7,586	7,586	7,586	9,300	9,802	10,371
Other materials	8	2,349	7,091	5,432	8,339	8,589	8,589	8,589	11,523	12,145	12,850
Contracted services		5,608	6,623	8,978	9,978	10,278	10,278	10,278	11,014	11,609	12,282
Transfers and grants		3,394	46,614	13,596	7,944	7,944	7,944	7,944	5,032	6,356	7,058
Other expenditure	4, 5	37,237	12,888	14,605	23,194	18,213	18,213	18,213	21,778	22,905	24,663
Loss on disposal of PPE		—	18	585	—	—	—	—	—	—	—
Total Expenditure		80,395	143,298	110,617	105,990	103,489	103,489	103,489	115,617	123,440	131,357
<b>Surplus/(Deficit)</b>											
	6	3,933	(13,972)	36,173	7,560	3,951	3,951	3,951	16,083	17,777	20,491
Transfers recognised - capital		(17,758)	(42,789)	(29,346)	(62,639)	(79,355)	(79,355)	(79,355)	(27,375)	(35,067)	(35,694)
Contributions recognised - capital		17,758	42,789	29,346	62,639	79,355	79,355	79,355	27,375	35,067	35,694
Contributed assets		(2,388)	(338)	(1,121)	(7,559)	(3,949)	(3,949)	(3,949)	(16,083)	(17,777)	(20,491)
Surplus/(Deficit) after capital transfers & contributions		1,545	(14,311)	35,051	2	2	2	2	0	(0)	0
Taxation											
Surplus/(Deficit) after taxation		1,545	(14,311)	35,051	2	2	2	2	0	(0)	0
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		1,545	(14,311)	35,051	2	2	2	2	0	(0)	0
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		1,545	(14,311)	35,051	2	2	2	2	0	(0)	0

**Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)**

1. Total revenue is R131 million in 2012/13 and escalates to R141 million by 2013/14. This represents a year-on-year increase of 22.6 per cent for the 2012/13 financial year and 7.2 per cent for the 2013/14 financial year.
2. Revenue to be generated from property rates is R26 million in the 2012/13 financial year and increases to R28 million by 2013/14 which represents 20 per cent of the operating revenue base of the Municipality. This represents a change due to implementation of the new valuation roll. Although the Council decided not to increase rates tariff, the market value of properties had an effect of an increase on rates.
3. Services charges relating to electricity and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R18.4 million for the 2012/13 financial year and increasing to R19.9 million by 2013/14. For the 2012/13 financial year services charges amount to 14 per cent of the total revenue base and grows by 8 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 8.7 per cent and 9.33 per cent for the two outer years.
5. Bulk purchases have significantly increased over the 2011/12 to 2012/13 period escalating from R7.5 million to R9.3 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom.
6. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

**Table 16 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

KZN291 Mandeni - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue &		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - Executive and Council		—	30	3	539	39	39	39	—	—	—
Vote 2 - Budget and Terasury		16	13	5	—	—	—	—	175	—	—
Vote 3 - Corporate Services		44	6	10	—	—	—	—	173	—	—
Vote 4 - Community and Social Services		19	223	128	—	—	—	—	1,230	4,430	18,000
Vote 5 - Sport and Recreation		—	—	—	—	—	—	—	—	3,000	15,000
Vote 6 - Public Safety		49	10	3	—	—	—	—	—	—	—
Vote 7 - Housing		1,370	24,208	5,876	29,487	29,487	29,487	29,487	—	—	—
Vote 8 - Health		5	—	25	—	—	—	—	—	—	—
Vote 9 - Planning and Development		18,642	18,614	11,961	12,180	28,896	28,896	28,896	7,391	22,135	21,582
Vote 10 - Environmental Protection		—	23	0	730	730	730	730	580	1,660	1,060
Vote 11 - Road transport		—	—	11,513	27,262	24,152	24,152	24,152	31,939	21,099	(1,677)
Vote 12 - Waste Management		—	—	—	—	—	—	—	—	—	—
Vote 13 - Electricity		—	—	943	—	—	—	—	1,970	520	2,220
Vote 14 - -		—	—	—	—	—	—	—	—	—	—
Vote 15 - -		—	—	—	—	—	—	—	—	—	—
<b>Capital multi-year expenditure sub-total</b>	7	<b>20,146</b>	<b>43,127</b>	<b>30,468</b>	<b>70,197</b>	<b>83,303</b>	<b>83,303</b>	<b>83,303</b>	<b>43,458</b>	<b>52,844</b>	<b>56,185</b>
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - Executive and Council		—	—	—	—	—	—	—	—	—	—
Vote 2 - Budget and Terasury		—	—	—	—	—	—	—	—	—	—
Vote 3 - Corporate Services		—	—	—	—	—	—	—	—	—	—
Vote 4 - Community and Social Services		—	—	—	—	—	—	—	—	—	—
Vote 5 - Sport and Recreation		—	—	—	—	—	—	—	—	—	—
Vote 6 - Public Safety		—	—	—	—	—	—	—	—	—	—
Vote 7 - Housing		—	—	—	—	—	—	—	—	—	—
Vote 8 - Health		—	—	—	—	—	—	—	—	—	—
Vote 9 - Planning and Development		—	—	—	—	—	—	—	—	—	—
Vote 10 - Environmental Protection		—	—	—	—	—	—	—	—	—	—
Vote 11 - Road transport		—	—	—	—	—	—	—	—	—	—
Vote 12 - Waste Management		—	—	—	—	—	—	—	—	—	—
Vote 13 - Electricity		—	—	—	—	—	—	—	—	—	—
Vote 14 - -		—	—	—	—	—	—	—	—	—	—
Vote 15 - -		—	—	—	—	—	—	—	—	—	—
<b>Capital single-year expenditure sub-total</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total Capital Expenditure - Vote</b>		<b>20,146</b>	<b>43,127</b>	<b>30,468</b>	<b>70,197</b>	<b>83,303</b>	<b>83,303</b>	<b>83,303</b>	<b>43,458</b>	<b>52,844</b>	<b>56,185</b>
<b>Capital Expenditure - Standard</b>											
<b>Governance and administration</b>		<b>60</b>	<b>48</b>	<b>18</b>	<b>539</b>	<b>39</b>	<b>39</b>	<b>39</b>	<b>348</b>	<b>—</b>	<b>—</b>
Executive and council		—	30	3	539	39	39	39	—	—	—
Budget and treasury office		16	13	5	—	—	—	—	175	—	—
Corporate services		44	6	10	—	—	—	—	173	—	—
<b>Community and public safety</b>		<b>1,444</b>	<b>24,441</b>	<b>6,032</b>	<b>29,487</b>	<b>29,487</b>	<b>29,487</b>	<b>29,487</b>	<b>1,230</b>	<b>7,430</b>	<b>33,000</b>
Community and social services		19	223	128	—	—	—	—	1,230	4,430	18,000
Sport and recreation		—	—	—	—	—	—	—	—	3,000	15,000
Public safety		49	10	3	—	—	—	—	—	—	—
Housing		1,370	24,208	5,876	29,487	29,487	29,487	29,487	—	—	—
Health		5	—	25	—	—	—	—	—	—	—
<b>Economic and environmental services</b>		<b>18,642</b>	<b>18,637</b>	<b>23,474</b>	<b>40,172</b>	<b>53,778</b>	<b>53,778</b>	<b>53,778</b>	<b>39,910</b>	<b>44,894</b>	<b>20,965</b>
Planning and development		18,642	18,614	11,961	12,180	28,896	28,896	28,896	7,391	22,135	21,582
Road transport		—	—	11,513	27,262	24,152	24,152	24,152	31,939	21,099	(1,677)
Environmental protection		—	23	0	730	730	730	730	580	1,660	1,060
<b>Trading services</b>		<b>—</b>	<b>—</b>	<b>943</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,970</b>	<b>520</b>	<b>2,220</b>
Electricity		—	—	943	—	—	—	—	1,970	520	2,220
Water		—	—	—	—	—	—	—	—	—	—
Waste water management		—	—	—	—	—	—	—	—	—	—
Waste management		—	—	—	—	—	—	—	—	—	—
<b>Other</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total Capital Expenditure - Standard</b>	3	<b>20,146</b>	<b>43,127</b>	<b>30,468</b>	<b>70,197</b>	<b>83,303</b>	<b>83,303</b>	<b>83,303</b>	<b>43,458</b>	<b>52,844</b>	<b>56,185</b>
<b>Funded by:</b>											
National Government		13,008	18,581	23,470	33,152	48,152	48,152	48,152	25,659	35,067	35,694
Provincial Government		4,750	24,208	5,876	29,487	31,203	31,203	31,203	1,716	—	—
District Municipality		—	—	—	—	—	—	—	—	—	—
Other transfers and grants		—	—	—	—	—	—	—	—	—	—
<b>Transfers recognised - capital</b>	4	<b>17,758</b>	<b>42,789</b>	<b>29,346</b>	<b>62,639</b>	<b>79,355</b>	<b>79,355</b>	<b>79,355</b>	<b>27,375</b>	<b>35,067</b>	<b>35,694</b>



**Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

**Table 17 MBRR Table A6 - Budgeted Financial Position**

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue &		
		Audited	Audited	Audited	Original	Adjusted	Full Year	Pre-audit	Budget Year	Budget Year	Budget Year
<b>ASSETS</b>											
<b>Current assets</b>											
Cash		–	3,289	803	15,000	15,000	15,000	3,000	2,500	3,000	4,000
Call investment deposits	1	14,731	28,600	34,972	10,000	10,000	10,000	30,000	35,000	38,000	40,000
Consumer debtors	1	28,383	6,896	3,923	8,000	8,000	8,000	–	9,000	5,000	(4,000)
Other debtors		4,457	2,396	2,771	4,000	4,000	4,000	4,000	3,000	3,500	4,000
Current portion of long-term receivables		–									
Inventory	2	271	305	315	300	300	300	300			
<b>Total current assets</b>		<b>47,843</b>	<b>41,486</b>	<b>42,784</b>	<b>37,300</b>	<b>37,300</b>	<b>37,300</b>	<b>37,300</b>	<b>49,500</b>	<b>49,500</b>	<b>44,000</b>
<b>Non current assets</b>											
Long-term receivables											
Investments											
Investment property		80	80	80	80	80	80	80	80	80	80
Investment in Associate											
Property, plant and equipment	3	39,640	185,844	207,829	224,385	64,920	64,920	225,000	243,000	260,000	281,000
Agricultural											
Biological											
Intangible											
Other non-current assets											
<b>Total non current assets</b>		<b>39,721</b>	<b>185,925</b>	<b>207,909</b>	<b>224,465</b>	<b>65,000</b>	<b>65,000</b>	<b>225,080</b>	<b>243,080</b>	<b>260,080</b>	<b>281,080</b>
<b>TOTAL ASSETS</b>		<b>87,564</b>	<b>227,410</b>	<b>250,694</b>	<b>261,765</b>	<b>102,300</b>	<b>102,300</b>	<b>262,380</b>	<b>292,580</b>	<b>309,580</b>	<b>325,080</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1	517									
Borrowing	4	210	196	100	–	–	–	100	–	–	–
Consumer deposits		933	993	1,180	1,000	1,000	1,000	1,146	1,200	1,220	1,250
Trade and other payables	4	14,334	19,982	7,746	10,000	10,000	10,000	10,000	8,000	9,500	10,500
Provisions		1,800	2,690	2,152	2,500	2,500	2,500	2,500	3,000	3,500	4,000
<b>Total current liabilities</b>		<b>17,794</b>	<b>23,861</b>	<b>11,179</b>	<b>13,500</b>	<b>13,500</b>	<b>13,500</b>	<b>13,746</b>	<b>12,200</b>	<b>14,220</b>	<b>15,750</b>
<b>Non current liabilities</b>											
Borrowing		331	134	34	–	–	–	34	–	–	–
Provisions		–	5,139	6,085	–	–	–	7,000	8,000	9,000	10,000
<b>Total non current liabilities</b>		<b>331</b>	<b>5,273</b>	<b>6,119</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>7,034</b>	<b>8,000</b>	<b>9,000</b>	<b>10,000</b>
<b>TOTAL LIABILITIES</b>		<b>18,125</b>	<b>29,134</b>	<b>17,298</b>	<b>13,500</b>	<b>13,500</b>	<b>13,500</b>	<b>20,780</b>	<b>20,200</b>	<b>23,220</b>	<b>25,750</b>
<b>NET ASSETS</b>	5	<b>69,439</b>	<b>198,276</b>	<b>233,396</b>	<b>248,265</b>	<b>88,800</b>	<b>88,800</b>	<b>241,600</b>	<b>272,380</b>	<b>286,360</b>	<b>299,330</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		67,983	196,772	231,823	246,665	87,200	87,200	240,000	270,730	284,660	297,550
Reserves	4	1,394	1,504	1,573	1,600	1,600	1,600	1,600	1,650	1,700	1,780
Minorities' interests											
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>69,378</b>	<b>198,276</b>	<b>233,396</b>	<b>248,265</b>	<b>88,800</b>	<b>88,800</b>	<b>241,600</b>	<b>272,380</b>	<b>286,360</b>	<b>299,330</b>

**Explanatory notes to Table A6 - Budgeted Financial Position**

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 66 is supported by an extensive table of notes providing a detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Provisions non current;
  - Changes in net assets; and
  - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

**Table 18 MBRR Table A7 - Budgeted Cash Flow Statement**

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue &		
		Audited	Audited	Audited	Original	Adjusted	Full Year	Pre-audit	Budget Year	Budget Year	Budget Year
<b>R thousand</b>											
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Ratepayers and other		70,801	28,087	29,308	17,642	17,642	17,642	17,642	41,801	45,980	50,577
Government - operating	1	28,085	75,844	67,409	54,152	54,152	54,152	54,152	65,400	71,940	79,134
Government - capital	1	39,598	18,582	25,665	82,453	82,453	82,453	82,453	70,197	77,217	84,939
Interest		731	861	2,002	800	800	800	800	1,500	1,650	1,815
Dividends											
<b>Payments</b>											
Suppliers and employees		(45,881)	(56,804)	(67,005)	(71,659)	(71,659)	(71,659)	(71,659)	(90,493)	(99,542)	(109,497)
Finance charges		(1,687)	(78)	(43)	(611)	(611)	(611)	(611)	-	-	-
Transfers and Grants	1	(43,053)	(28,989)	(13,177)	(4,140)	(4,140)	(4,140)	(4,140)	(7,944)	(8,738)	(9,612)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>48,593</b>	<b>37,504</b>	<b>44,158</b>	<b>78,637</b>	<b>78,637</b>	<b>78,637</b>	<b>78,637</b>	<b>80,461</b>	<b>88,506</b>	<b>97,356</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE			85								
Decrease (Increase) in non-current debtors											
Decrease (increase) other non-current receivables											
Decrease (increase) in non-current investments											
<b>Payments</b>											
Capital assets		(32,657)	(19,703)	(40,076)	(72,687)	(72,687)	(72,687)	(72,687)	(70,197)	(77,217)	(84,938)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(32,657)</b>	<b>(19,618)</b>	<b>(40,076)</b>	<b>(72,687)</b>	<b>(72,687)</b>	<b>(72,687)</b>	<b>(72,687)</b>	<b>(70,197)</b>	<b>(77,217)</b>	<b>(84,938)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans											
Borrowing long term/refinancing											
Increase (decrease) in consumer deposits		(38)	-		50				-	-	
<b>Payments</b>											
Repayment of borrowing		(6,230)	(210)	(196)							
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(6,268)</b>	<b>(210)</b>	<b>(196)</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>9,669</b>	<b>17,675</b>	<b>3,886</b>	<b>6,000</b>	<b>5,950</b>	<b>5,950</b>	<b>5,950</b>	<b>10,264</b>	<b>11,290</b>	<b>12,418</b>
Cash/cash equivalents at the year begin:	2	4,545	14,214	31,890	35,775	35,775	35,775	35,775	41,725	51,989	63,279
Cash/cash equivalents at the year end:	2	14,214	31,890	35,775	41,775	41,725	41,725	41,725	51,989	63,279	75,696

**Table 19 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	14,214	31,890	35,775	41,775	41,725	41,725	41,725	51,989	63,279	75,696
Other current investments > 90 days		(0)	(0)	(0)	(16,775)	(16,725)	(16,725)	(8,725)	(14,489)	(22,279)	(31,696)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>14,214</b>	<b>31,889</b>	<b>35,775</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>	<b>33,000</b>	<b>37,500</b>	<b>41,000</b>	<b>44,000</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		9,239	16,349	292	4,000	4,000	4,000	3,000	2,000	2,500	3,000
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	5,139	6,085	-	-	-	7,000	8,000	9,000	10,000
Other working capital requirements	3	-	-	-	-	-	-	-	-	-	-
Other provisions		1,800	2,690	2,152	2,500	2,500	2,500	2,500	3,000	3,500	4,000
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	1,394	1,504	1,573	1,600	1,600	1,600	1,600	1,650	1,700	1,780
<b>Total Application of cash and investments:</b>		<b>12,433</b>	<b>25,681</b>	<b>10,103</b>	<b>8,100</b>	<b>8,100</b>	<b>8,100</b>	<b>14,100</b>	<b>14,650</b>	<b>16,700</b>	<b>18,780</b>
<b>Surplus(shortfall)</b>		<b>1,782</b>	<b>6,208</b>	<b>25,673</b>	<b>16,900</b>	<b>16,900</b>	<b>16,900</b>	<b>18,900</b>	<b>22,850</b>	<b>24,300</b>	<b>25,220</b>

**Explanatory notes to Table A7 - Budgeted Cash Flow Statement**

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

**Notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

Table 20 MBRR Table A9 - Asset Management

KZN291 Mandeni - Table A9 Asset Management

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousand</b>										
<b>CAPITAL EXPENDITURE</b>										
<b>Total New Assets</b>	1	-	-	-	-	-	-	4,999	17,895	46,892
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	300	500
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	8,000	7,062
Infrastructure		-	-	-	-	-	-	-	8,300	7,562
Community		-	-	-	-	-	-	-	4,100	33,500
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	4,999	5,495	5,830
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>Total Renewal of Existing Assets</b>	2	-	-	-	-	-	-	37,059	26,699	4,643
Infrastructure - Road transport		-	-	-	-	-	-	30,659	19,849	(2,177)
Infrastructure - Electricity		-	-	-	-	-	-	1,970	220	1,720
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	32,629	20,069	(457)
Community		-	-	-	-	-	-	1,450	1,050	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	2,980	5,580	5,100
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	4	-	-	-	-	-	-	30,659	19,849	(2,177)
Infrastructure - Road transport		-	-	-	-	-	-	1,970	520	2,220
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	8,000	7,062
Infrastructure		-	-	-	-	-	-	32,629	28,369	7,105
Community		-	-	-	-	-	-	1,450	5,150	33,500
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	7,979	11,075	10,930
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	2	-	-	-	-	-	-	42,058	44,594	51,535
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	5									
Infrastructure - Road transport		32,875	161,591	179,643	196,000	196,000	196,000	211,000	232,100	255,310
Infrastructure - Electricity		3,136	1,970	1,970	1,970	1,970	1,970	1,970	2,167	2,384
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		855	855	855	855	855	855	855	941	1,035
Infrastructure		36,867	164,416	182,468	198,825	198,825	198,825	213,825	235,208	258,728
Community		15,788	17,444	15,421	42,752	42,752	42,752	50,084	47,100	46,818
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		80	80	80	80	80	80	80	80	80
Other assets		7,161	12,998	36,011	14,423	14,423	14,423	16,011	17,612	19,373
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	59,896	194,939	233,980	256,080	256,080	256,080	280,000	300,000	325,000
<b>EXPENDITURE OTHER ITEMS</b>										
<b>Depreciation &amp; asset impairment</b>		-	3,778	17,507	3,307	3,307	3,307	3,472	3,783	3,992
<b>Repairs and Maintenance by Asset Class</b>	3	2,349	7,091	4,253	8,339	8,589	8,589	9,123	9,616	338
Infrastructure - Road transport		673	3,441	1,398	2,150	3,800	3,800	4,200	4,427	75
Infrastructure - Electricity		280	503	554	557	857	857	857	904	139
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		953	3,944	1,952	2,707	4,657	4,657	5,057	5,330	214

**Explanatory notes to Table A9 - Asset Management**

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality meets both these recommendations.

**Table 21 MBRR Table A10 - Basic Service Delivery Measurement**

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Household service targets</b>	1									
<b>Energy:</b>										
Electricity (at least min.service level)		1,001	1,006	1,009	1,010	1,010	1,010	1,014	1,016	1,018
Electricity - prepaid (min.service level)										
0		1,001	1,006	1,009	1,010	1,010	1,010	1,014	1,016	1,018
Electricity (< min.service level)										
Electricity - prepaid (< min. service level)		2,560	2,560	2,560	2,569	2,569	2,569	2,569	3,674	3,769
Other energy sources		12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,490
0		15,060	15,060	15,060	15,069	15,069	15,069	15,069	16,174	16,259
ber of h		16,061	16,066	16,069	16,079	16,079	16,079	16,083	17,190	17,277
<b>Refuse:</b>										
Removed at least once a week		7,199	7,204	7,207	7,217	7,217	7,217	7,221	7,228	7,315
0		7,199	7,204	7,207	7,217	7,217	7,217	7,221	7,228	7,315
Removed less frequently than once a week										
Using communal refuse dump		2,900	2,900	2,900	2,900	2,900	2,900	2,900	4,000	4,000
Using own refuse dump										
Other rubbish disposal		5,962	5,962	5,962	5,962	5,962	5,962	5,962	5,962	5,962
No rubbish disposal		8,862	8,862	8,862	8,862	8,862	8,862	8,862	9,962	9,962
0		16,061	16,066	16,069	16,079	16,079	16,079	16,083	17,190	17,277
ber of h										
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)										
Sanitation (free minimum level service)										
Electricity/other energy (50kwh per household per month)		1,256	1,265	1,265	1,270	1,270	1,270	1,275	1,275	1,275
Refuse (removed at least once a week)		2,560	2,560	2,560	2,569	2,569	2,569	2,569	3,674	3,769
<b>Cost of Free Basic Services provided (R'000)</b>	8									
Water (6 kilolitres per household per month)										
Sanitation (free sanitation service)										
Electricity/other energy (50kwh per household per month)		399	450	520	550	550	550	654	710	780
Refuse (removed once a week)		125	160	210	220	220	220	320	360	380
<b>Total cost of FBS provided (minimum social package)</b>		524	610	730	770	770	770	974	1,070	1,160
<b>Highest level of free service provided</b>										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
<b>Revenue cost of free services provided (R'000)</b>	9									
Property rates (R15 000 threshold rebate)		2,800	2,900	3,000	3,030	3,030	3,030	3,400	3,500	3,550
Property rates (other exemptions, reductions and rebates)										
Water										
Sanitation										
Electricity/other energy		399	450	520	550	550	550	654	710	780
Refuse		125	160	210	220	220	220	320	360	380
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other										
<b>Total revenue cost of free services provided (total social package)</b>	6	3,324	3,510	3,730	3,800	3,800	3,800	4,374	4,570	4,710

**Explanatory notes to Table A10 - Basic Service Delivery Measurement**

- Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
- The Municipality continues to make good progress with the eradication of backlogs:
  - Electricity services – backlog will be reduced by 1105 households. As indicated elsewhere, the emphasis in the electricity sector is on addressing urgent network



- upgrades. Once the most pressing network issues have been addressed, the electrification programme will be prioritised; with 1200 households budgeted to be electrified in 2013/14.
- b. Refuse services – backlog will be reduced by 1107 households in 2012/13, and a further 87 households in the outer two years of the MTREF. However it should be noted that this function is being investigated with a view to realising greater efficiencies, which is likely to translate into a more rapid process to address backlogs.
3. The budget provides for 900 households to be registered as indigent in 2012/13, and therefore entitled to receiving Free Basic Services. The number is set to increase to 1200 households given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.
  4. It is anticipated that these Free Basic Services will cost the municipality R 974, 000 in 2012/13, increasing to R1,070, 000 in 2013/14. This is covered by the municipality's equitable share allocation from national government.
  5. In addition to the Free Basic Services, the Municipality also 'gives' households R3.4 million in free services in 2012/13, and it increases to R3.5 million in 2013/14. This 'tax expenditure' needs to be seen within the context of the municipality's overall revenue management strategy – the more the municipality gives away, the less there is available to fund other services. Currently, the 'free services' represent about 4 per cent of total operating revenue.

## **Part 2 – Supporting Documentation**

## 2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Portfolio Committee for Finance.

The primary aims of the Budget Steering Committee are to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

### 2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2011) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 25 August 2011. Key dates applicable to the process were:

- **August 2011** – Joint strategic planning session of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2012/13 MTREF;
- **November 2011** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **3 to 7 January 2012** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **January 2012** – Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;
- **28 January 2012** - Council considers the 2011/12 Mid-year Review and Adjustments Budget;

- **February 2012** - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2012/13 MTREF is revised accordingly;
- **22 March 2012** - Tabling in Council of the draft 2012/13 IDP and 2012/13 MTREF for public consultation;
- **April 2012** – Public consultation;
- **May 2012** - Closing date for written comments;
- **6 to 23 May 2012** – finalisation of the 2012/13 IDP and 2012/13 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **31 May 2012** - Tabling of the 2012/13 MTREF before Council for consideration and approval.

It is hoped that there will be no deviations from the key dates set out in the Budget Time Schedule tabled in Council.

### 2.1.2 IDP and Service Delivery and Budget Implementation Plan

This is the third generation of the municipal IDP as the last IDP was adopted by Council in May 2006. It started in September 2011 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2012/13 MTREF in August.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the third generation included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2012/13 MTREF, based on the approved 2011/12 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2012/13 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2011/12 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

### 2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2012/13 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2012/13 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2011/12 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51, 54, 58 and 59 has been taken into consideration in the planning and prioritisation process.

### 2.1.4 Community Consultation

The draft 2012/13 MTREF as tabled before Council on 22 March 2012 for community consultation was published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and various libraries. The opportunity to give electronic feedback was also communicated on the Municipality's website, and the Municipality's call centre was engaged in collecting inputs via e-mail, fax and SMS.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees were utilised to facilitate the community consultation process from 13 to 29 April 2012, and included five public briefing sessions. The applicable dates and venues were published in all the local newspapers and on average attendance of 500 was recorded per meeting. This is up on the previous year's process. This can be attributed to the additional initiatives that were launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions were scheduled with organised business and imbizo's were held to further ensure transparency and interaction. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organisations.

## 2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPis);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2012/13 MTREF and further planning refinements that have directly informed the compilation of the budget:

**Table 22 IDP Strategic Objectives**

<b>2011/12 Financial Year</b>	<b>2012/13 MTREF</b>
1. The provision of quality basic services and infrastructure	1. Provision of quality basic services and infrastructure
2. Acceleration of higher and shared economic growth and development	2. Economic growth and development that leads to sustainable job creation
3. Fighting of poverty, building clean, healthy, safe and sustainable communities	3.1 Fight poverty and build clean, healthy, safe and sustainable communities
	3.2 Integrated Social Services for empowered and sustainable communities
4. Fostering participatory democracy and adherence to Batho pele principles through a caring, accessible and accountable service	4. Foster participatory democracy and Batho pele principles through a caring, accessible and accountable service
5. Good governance, Financial viability and institutional governance	5.1 Promote sound governance
	5.2 Ensure financial sustainability
	5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
  - Provide electricity;
  - Provide housing;
  - Provide roads and storm water;
  - Provide Municipality planning services; and
  - Maintaining the infrastructure of the Municipality.
2. Economic growth and development that leads to sustainable job creation by:
  - Ensuring there is a clear structural plan for the Municipality;
  - Ensuring planning processes function in accordance with set timeframes;
  - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:

- Effective implementation of the Indigent Policy;
- Working with the provincial department of health to provide primary health care services;
- Extending waste removal services and ensuring effective Municipality cleansing;
- Working with strategic partners such as SAPS to address crime;
- Ensuring safe working environments by effective enforcement of building and health regulations;
- Promote viable, sustainable communities through proper zoning; and
- Promote environmental sustainability by protecting wetlands and key open spaces.

### 3.2 Integrated Social Services for empowered and sustainable communities

- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme

### 4. Foster participatory democracy and Batho pele principles through a caring, accessible and accountable service by:

- Optimising effective community participation in the ward committee system; and
- Implementing batho pele in the revenue management strategy.

### 5.1 Promote sound governance through:

- Publishing the outcomes of all tender processes on the municipal website

### 5.2 Ensure financial sustainability through:

- Reviewing the use of contracted services
- Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

### 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

- Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;



- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the third generation IDP, including:

- Strengthening the analysis and strategic planning processes of the Municipality;
- Initiating zoned planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2012/13 MTREF has therefore been directly informed by the IDP development process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

**Table 23 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue**

Strategic Objective R thousand	Goal	Goal	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
				Audited	Audited	Audited	Original	Adjusted	Full Year	Budget Year	Budget Year	Budget Year
Sustainable Services	Electricity			6,518	8,771	11,378	13,164	13,164	13,164	14,972	15,856	16,731
Sustainable Services	Waste			4,524	4,676	4,376	6,541	6,541	6,541	9,966	10,504	11,113
Sustainable Services	Health			722	1,009	1,104	1,833	1,833	1,833	296	312	330
Sustainable Services	Community			135	85	138	778	778	778	806	1,203	1,267
Infrastructure	Roads &			–	–	–	–	–	–	–	–	–
Infrastructure	Cemeteries			2	–	–	–	–	–	–	–	–
Infrastructure	Housing			–	24,208	9,848	–	–	–	–	–	–
Infrastructure	Public Amenities			–	–	–	–	–	–	–	–	–
Good Governance	Support			18,136	18,752	25,927	150	150	150	150	158	167
Good Governance	Integrated			–	–	–	950	950	950	150	158	167
Good Governance	Financial			47,916	54,784	90,230	86,684	81,074	81,074	100,863	107,967	115,687
Good Governance	Human			108	90	98	–	–	–	–	–	–
Good Governance	Executive and			2,593	14,867	2,040	2,045	2,045	2,045	4,141	4,684	5,987
Environmental Management	Land			–	–	–	–	–	–	–	–	–
Economic Development	Local Economic			1,321	–	–	–	–	–	–	–	–
Social Development	Culture & Sport			11	13	12	12	12	12	12	13	13
Social Development	Public			–	–	–	–	–	–	–	–	–
Safety & Security	Security			–	–	–	–	–	–	–	–	–
Safety & Security	Disaster			2,341	2,155	1,639	1,392	892	892	344	363	384
Safety & Security	Road Safety			–	–	–	–	–	–	–	–	–
<b>Allocations to other priorities</b>				2								
0			1	84,328	129,410	146,790	113,550	107,440	107,440	131,700	141,217	151,848

**Table 24 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure**

Strategic Objective	Goal	Current Year 2011/12		2012/13 Medium Term Revenue & Expenditure Framework		
		Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand						
Sustainable Services	Electricity	10,601	10,601	14,812	14,056	16,541
Sustainable Services	Waste Management	9,179	9,179	9,966	10,504	11,113
Sustainable Services	Health	2,113	2,113	2,644	2,787	2,949
Sustainable Services	Community	6,340	6,340	6,898	10,258	21,690
Infrastructure	Roads & Stormwater	8,891	8,891	15,085	3,313	(20,490)
Infrastructure	Cemeteries	316	316	303	819	3,338
Infrastructure	Housing	–	–	–	–	–
Infrastructure	Public Amenities	4,119	4,119	4,980	6,297	5,966
Good Governance	Support Services	5,709	5,709	14,506	15,581	18,087
Good Governance	Integrated Planning	3,155	3,155	4,820	12,760	11,768
Good Governance	Financial Management	22,434	22,434	19,202	21,464	23,165
Good Governance	Human Resources	6,832	6,832	8,682	8,969	9,489
Good Governance	Executive and Council	17,221	17,221	18,168	19,149	20,260
Environmental Management	Land Management	–	–	–	–	–
Economic Development	Local Economic	2,411	2,411	2,756	2,905	3,073
Social Development	Culture & Sport	615	615	636	3,671	15,710
Safety & Security	Road Safety	7,503	7,503	8,241	8,686	9,190
Loss on disposal of PPE		107,440	107,440	131,700	141,217	151,848

**Table 25 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure****KZN291 Mandeni - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)**

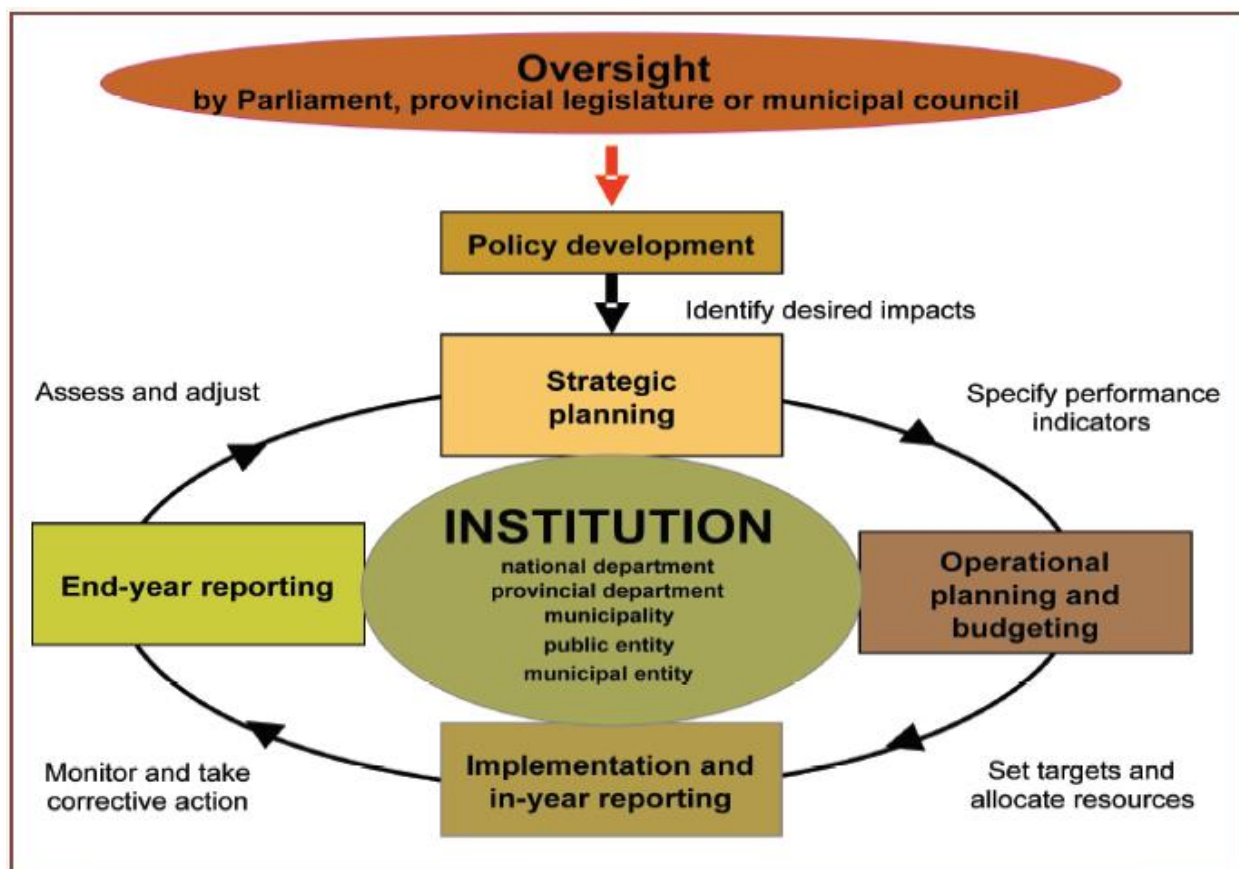
Annex 2: Medium-Term Supporting Table 5(a): Reconciliation of MDG Strategic Objectives and Budget (Capital expenditure)													
Strategic Objective	Goal	Goal Code	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework			
R thousand				Audited	Audited	Audited	Original	Adjusted	Full Year	Budget Year	Budget Year	Budget Year	
Sustainable Services	Electricity	A		–	–	943	–	–	–	1,970	520	2,220	
Sustainable Services	Waste Management	B		–	–	–	–	–	–	–	–	–	
Sustainable Services	Health	C		5	–	25	–	–	–	–	–	–	
Sustainable Services	Community	D		19	171	52	–	–	–	1,230	3,930	15,000	
Infrastructure	Roads & Stormwater	E		–	–	11,513	27,262	24,152	24,152	31,939	21,099	(1,677)	
Infrastructure	Cemeteries	F		–	52	76	–	–	–	–	500	3,000	
Infrastructure	Housing	G		1,370	24,208	5,876	29,487	29,487	29,487	–	–	–	
Infrastructure	Public Amenities	H		–	23	0	730	730	730	580	1,660	1,060	
Good Governance	Support Services	I		18,614	18,614	11,961	180	180	180	4,975	5,535	7,458	
Good Governance	Integrated Planning	J		–	–	–	12,000	27,000	27,000	700	16,600	14,124	
Good Governance	Financial Management	K		16	13	5	–	–	–	175	–	–	
Good Governance	Human Resources	L		44	6	10	–	–	–	173	–	–	
Good Governance	Executive and Council	M		–	30	3	539	39	39	–	–	–	
Environmental Management	Land Management	N		–	–	–	–	–	–	–	–	–	
Economic Development	Local Economic Development	O		28	–	–	–	1,716	1,716	1,716	–	–	
Social Development	Culture & Sport	P		–	–	–	–	–	–	–	3,000	15,000	
Social Development	Public Participation	R		–	–	–	–	–	–	–	–	–	
Safety & Security	Security	S		–	–	–	–	–	–	–	–	–	
Safety & Security	Road Safety	T		49	10	3	–	–	–	–	–	–	
Allocations to other priorities				3									
Total Capital Expenditure				1	20,146	43,127	30,468	70,197	83,303	83,303	43,458	52,844	56,185

## 2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative

requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:



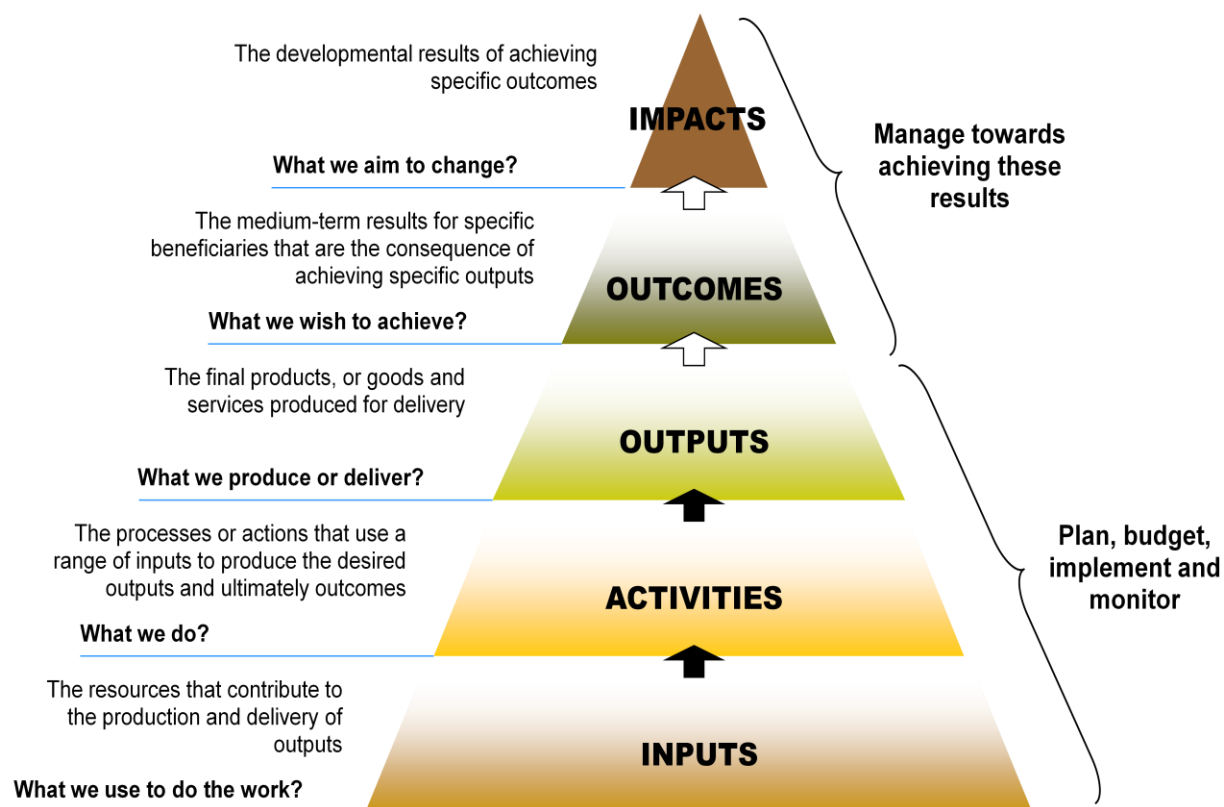
**Figure 2 Planning, budgeting and reporting cycle**

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);

- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:



**Figure 3 Definition of performance information concepts**

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

**Table 26 MBRR Table SA7 - Measurable performance objectives**

Description	Unit of measurement	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Vote 1 - Road Transport</b>										
<b>Function 1 - Roads</b>										
<b>Sub-function 1 - Roads</b>										
<i>Reduce roads backlogs</i>	Kilometers							5.0%	5.0%	5.0%
<b>Sub-function 2 - Roads</b>										
<i>Resurface urban road</i>	Kilometers							2.0%	2.0%	2.0%
<b>Sub-function 3 - Roads</b>										
<i>Rehabilitate gravel roads</i>	kilometers							7.0%	8.0%	9.0%
<b>Function 2 - (name)</b>										
<b>Sub-function 1 - (name)</b>										
<i>Insert measure/s description</i>										
<b>Sub-function 2 - (name)</b>										
<i>Insert measure/s description</i>										
<b>Sub-function 3 - (name)</b>										
<i>Insert measure/s description</i>										
<b>Vote 2 - Electricity</b>										
<b>Function 1 - Distribution</b>										
<b>Sub-function 1 - (name)</b>										
<i>Upgrade network</i>	Substations							15.0%		
<b>Sub-function 2 - (name)</b>										
<i>Insert measure/s description</i>										
<b>Sub-function 3 - (name)</b>										
<i>Insert measure/s description</i>										
<b>Function 2 - (name)</b>										
<b>Sub-function 1 - (name)</b>										
<i>Insert measure/s description</i>										
<b>Sub-function 2 - (name)</b>										
<i>Insert measure/s description</i>										
<b>Sub-function 3 - (name)</b>										
<i>Insert measure/s description</i>										
<b>Vote 3 - vote name</b>										
<b>Function 1 - (name)</b>										
<b>Sub-function 1 - (name)</b>										
<i>Insert measure/s description</i>										
<b>Sub-function 2 - (name)</b>										
<i>Insert measure/s description</i>										
<b>Sub-function 3 - (name)</b>										
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<b>Function 2 - (name)</b>										
<b>Sub-function 1 - (name)</b>										
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<i>Insert measure/s description</i>										
<b>Sub-function 3 - (name)</b>										
<i>Insert measure/s description</i>										
<b>And so on for the rest of the Votes</b>										

The following table sets out the municipalities main performance objectives and benchmarks for the 2012/13 MTREF.

**Table 27 MBRR Table SA8 - Performance indicators and benchmarks**

Description of financial indicator	Basis of calculation	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b><u>Borrowing Management</u></b>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid	9.3%	0.2%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Charges to Own Revenue	Finance charges &	22.7%	0.7%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Safety of Capital</u></b>											
Gearing	Long Term Borrowing/	23.7%	8.9%	2.2%	0.0%	0.0%	0.0%	2.1%	0.0%	0.0%	0.0%
<b><u>Liquidity</u></b>											
Current Ratio	Current assets/current	2.7	1.7	3.8	2.8	2.8	2.8	2.7	4.1	3.5	2.8
Current Ratio adjusted for aged debtors	Current assets less	2.7	1.7	(0.2)	(0.6)	(0.6)	(0.6)	(0.6)	0.4	0.3	(0.1)
Liquidity Ratio	Monetary Assets/Current	0.8	1.3	3.2	1.9	1.9	1.9	2.4	3.1	2.9	2.8
<b><u>Revenue Management</u></b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths		221.7%	68.9%	69.0%	37.6%	43.8%	43.8%	43.8%	77.7%	81.1%
Current Debtors Collection Rate (Cash receipts % of			221.7%	68.9%	69.0%	37.6%	43.8%	43.8%	43.8%	77.7%	81.1%
Outstanding Debtors to Revenue	Total Outstanding Debtors	38.9%	7.2%	4.6%	10.6%	11.2%	11.2%	3.7%	9.6%	6.4%	0.0%
Longstanding Debtors Recovered	Debtors > 12 Mths	2.8%	3.8%	8.0%	14.0%	14.0%	14.0%	14.0%	30.0%	30.0%	30.0%
<b><u>Creditors Management</u></b>											
Creditors System Efficiency	% of Creditors Paid Within	92.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		9.6%	10.4%	20.8%	7.2%	7.2%	7.2%	16.8%	11.5%	11.1%	9.9%
<b><u>Other Indicators</u></b>											
Electricity Distribution Losses (2)	% Volume (units	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Water Distribution Losses (2)	% Volume (units										
Employee costs	Employee costs/(Total	25.7%	18.4%	19.1%	29.7%	33.2%	33.2%	33.2%	32.8%	32.2%	31.7%
Remuneration	Total remuneration/(Total	32.2%	23.2%	21.3%	36.5%	40.3%	40.3%		39.5%	38.8%	38.1%
Repairs & Maintenance	R&M/(Total Revenue	2.8%	5.5%	2.9%	7.3%	8.0%	8.0%		7.3%	7.2%	0.2%
Finance charges & Depreciation	FC&D/(Total Revenue -	1.5%	3.0%	12.0%	2.9%	3.1%	3.1%	3.1%	2.8%	2.8%	2.8%
<b><u>IDP regulation financial viability indicators</u></b>											
i. Debt coverage	(Total Operating Revenue -	30.9	18.9	55.6	60.5	60.5	60.5	28.2	33.7	32.3	34.2
ii. O/S Service Debtors to Revenue	Total outstanding service	113.7%	26.3%	19.5%	35.1%	35.1%	35.1%	11.7%	31.2%	21.0%	0.0%
iii. Cost coverage	(Available cash +	3.4	3.0	5.3	6.0	6.0	6.0	6.0	7.1	8.1	9.1

## 2.3.1 Performance indicators and benchmarks

### 2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Mandeni Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2012/13 MTREF:

- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has steadily decreased from 9.3 per cent in 2008/09 to 0 per cent in 2011/12. This decrease can be attributed to none raising of loans. It is estimated that the cost of borrowing as a percentage of the operating expenditure will remain 0 per cent in 2012/13.

The Municipality's debt profile provides some interesting insights on the Municipality's future borrowing capacity. Firstly, the use of amortising loans leads to high debt service costs at the beginning of the loan, which declines steadily towards the end of the loan's term.

The Municipality has raised mainly amortising loans over the past fifteen years, hence effectively 'front-loading' its debt service costs

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs.

#### 2.3.1.2 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2011/12 MTREF the current ratio is 3.8 in the 2012/13 financial year and 4.1 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2011/12 financial year the ratio was 3.2 and as part of the financial planning strategy it has been maintained at 3.1 in the 2012/13 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

#### 2.3.1.3 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

#### 2.3.1.4 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of no concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

### 2.3.1.5 Other Indicators

- Employee costs as a percentage of operating revenue continues to increase over the MTREF. This is primarily owing to the review of organ gram and low tariff increase which has direct relationship with low billing level.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also increasing owing directly to cost drivers such as assets maintenance plans far above inflation. In real terms, repairs and maintenance has increased as part of the Municipality's strategy to ensure the management of its asset base.

### 2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2012/13 financial year 1000 registered indigents have been provided for in the budget with this figured increasing to 1500 by 2013/14. In terms of the Municipality's indigent policy registered households are entitled to, 50 kwh of electricity and free waste removal equivalent to 85ℓ once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 33.

Note that the number of households in informal areas that receive free services and the cost of these services are not taken into account in the table noted above.

## 2.4 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

### 2.4.1 Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council in October 2008 is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.



As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2012/13 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 90 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

#### **2.4.2 Asset Management, Infrastructure Investment and Funding Policy**

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

#### **2.4.3 Supply Chain Management Policy**

The Supply Chain Management Policy was adopted by Council in September 2007. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

#### **2.4.4 Budget and Virement Policy**

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The Budget and Virement Policy was approved by Council in 2009

#### **2.4.5 Cash Management and Investment Policy**

The Municipality's Cash Management and Investment Policy was amended by Council in January 2009. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

#### **2.4.6 Tariff Policies**

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

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All the above policies are available on the Municipality's website, as well as the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Budget Policy; and
- Basic Social Services Package (Indigent Policy).

### **2.5 Overview of budget assumptions**

#### **2.5.1 External factors**

Domestically, after five years of strong growth, during which about two million jobs were created, our economy shrank by an estimated 1.8 per cent last year and about 900 000 people lost their jobs. It is expected that recovery from this deterioration will be slow and uneven, and that growth for 2012 will be 2.3 per cent rising to 3.6 per cent by 2013.

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

#### **2.5.2 General inflation outlook and its impact on the municipal activities**

There are five key factors that have been taken into consideration in the compilation of the 2012/13 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk city and water; and

- The increase in the cost of remuneration. Employee related costs comprise 32 per cent of total operating expenditure in the 2012/13 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget. The wage agreement SALGBC still to be concluded with the municipal workers unions before 31 July 2012 as well as the categorisation and job evaluation wage curves collective agreement signed on 21 April 2010 must be noted.

### **2.5.3 Collection rate for revenue services**

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (87 per cent) of annual billings. Cash flow is assumed to be 85 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

### **2.5.4 Growth or decline in tax base of the municipality**

Debtors revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

### **2.5.5 Salary increases**

The collective agreement regarding salaries/wages came into operation on 1 July 2009 and shall remain in force until 30 June 2012. The National treasury guide for 2012 and beyond is 5 per cent across the board. However SALGA has subsequently hinted the 7 per cent increase.

### **2.5.6 Impact of national, provincial and local policies**

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

## 2.5.7 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2012/13 MTREF of which performance has been factored into the cash flow budget.

## 2.6 Overview of budget funding

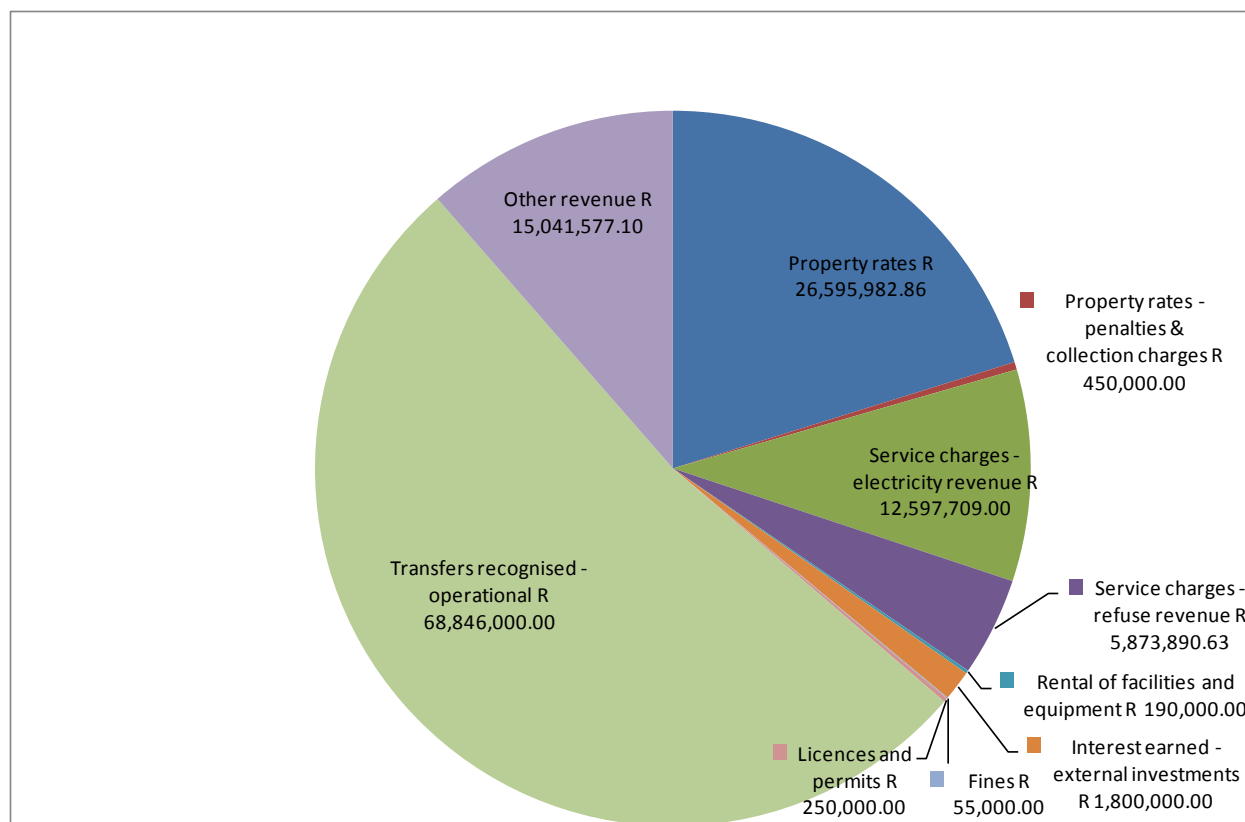
### 2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

**Table 28 Breakdown of the operating revenue over the medium-term**

Description	Ref	Current Year 2011/12		2012/13 Medium Term Revenue & Expenditure Framework					
		Adjusted Budget	%	Budget Year 2012/13	%	Budget Year +1 2013/14	%	Budget Year +2 2014/15	%
<b>R thousand</b>	<b>1</b>								
<b>Revenue By Source</b>									
Property rates	2	17,280	16.1	26,596	20.2	28,032	19.9	29,676	19.5
Property rates - penalties & collection charges		420	0.4	450	0.3	474	0.3	502	0.3
Service charges - electricity revenue	2	10,790	10.0	12,598	9.6	13,278	9.4	14,048	9.3
Service charges - refuse revenue	2	5,541	5.2	5,874	4.5	6,191	4.4	6,550	4.3
Rental of facilities and equipment		190	0.2	190	0.1	200	0.1	212	0.1
Interest earned - external investments		2,000	1.9	1,800	1.4	1,897	1.3	2,007	1.3
Fines		853	0.8	55	0.0	58	0.0	61	0.0
Licences and permits		-	-	250	0.2	264	0.2	279	0.2
Transfers recognised - operational		65,144	60.6	68,846	52.3	74,969	53.1	81,739	53.8
Other revenue	2	5,222	4.9	15,042	11.4	15,854	11.2	16,773	11.0
Gains on disposal of PPE		-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and</b>		<b>107,440</b>		<b>131,700</b>		<b>141,217</b>		<b>151,848</b>	

The following graph is a breakdown of the operational revenue per main category for the 2012/13 financial year.



**Figure 4 Breakdown of operating revenue over the 2012/13 MTREF**

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as electricity, Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the Municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 85 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Energy Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- The ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2012/13 MTREF on the different revenue categories are:

**Table 29 Proposed tariff increases over the medium-term**

Revenue category	2012/13 proposed tariff increase	2013/14 proposed tariff increase	2014/15 proposed tariff increase	2011/11 additional revenue for each 1% tariff increase	2012/13 additional revenue owing to % tariff increases	2012/13 Total Budgeted revenue
	%	%	%	R'000	R'000	R'000
Property rates	0	5.4	5.8	172.8	9,309	26,589
Solid Waste	6	5.4	5.8	55.41	333	5,874
Electricity	13.05	15	14	107.9	1,807	12,597
<b>Total</b>				<b>336.11</b>	<b>11,449</b>	<b>45,060</b>

Revenue to be generated from property rates is R26.5 million in the 2012/13 financial year and increases to R28.0 million by 2013/14 which represents 20 per cent of the operating revenue base of the Municipality. It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

The Municipality is still in a process of further data verification and validation relating to the valuation roll. In addition we expect some objections, although significant progress was made in clearing all objections by the 2011/12 financial year

Services charges relating to electricity and refuse removal constitutes the third largest component of the revenue basket of the Municipality totalling R18.4 million for the 2012/13 financial year and increasing to R19.4 million by 2013/14. For the 2012/13 financial year services charges amount to 14 per cent of the total revenue base and grows by 1 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity.

Operational grants and subsidies amount to R68.8 million, R74.9 million and R81.7 million for each of the respective financial years of the MTREF, or 52, 53 and 53.8 per cent of operating revenue. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 6 per cent and 8.9 per cent for the two outer years.

Investment revenue contributes marginally to the revenue base of the Municipality with a budget allocation of R1.8 million, R1.89 million and R2 million for the respective three financial years of the 2012/13 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

**Table 30 MBRR SA15 – Detail Investment Information**

Investment type	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
<u>Parent municipality</u>										
Deposits - Bank		14,731	28,600	34,972	10,000	10,000	10,000	35,000	38,000	40,000
Consolidated total:		14,731	28,600	34,972	10,000	10,000	10,000	35,000	38,000	40,000

**Table 31 MBRR SA16 – Investment particulars by maturity**

Investments by Maturity	Period of Investment	Type of Investment	Expiry date of investment	Monetary value	Interest to be realised
Name of institution & investment ID	Yrs/Months			Rand thousand	
<u>Parent municipality</u>					
FNB	12	32 days notice	32 days	29,200	1,500
Nedbank	12	32 days notice	32 days	5,800	300
TOTAL INVESTMENTS AND INTEREST				35,000	1,800

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The MTREF therefore provides for a budgeted surplus of R16 million, R17.7 million and R20.5 million in each of the financial years. This surplus is intended to partly fund capital expenditure from own sources as well as ensure adequate cash backing of reserves and funds.

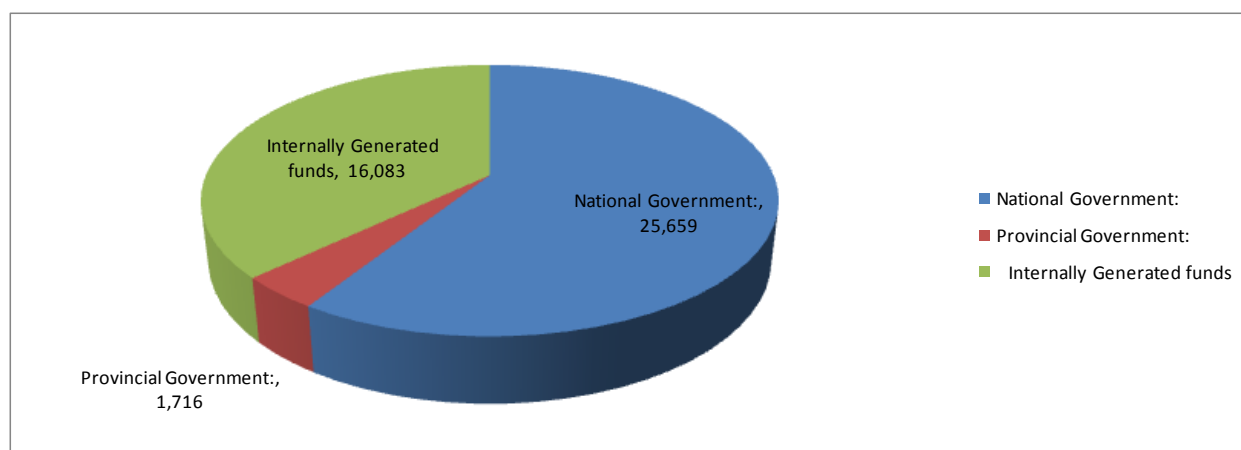
## 2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2012/13 medium-term capital programme:

**Table 32 Sources of capital revenue over the MTREF**

Description	Ref	Current Year 2011/12		2012/13 Medium Term Revenue & Expenditure Framework						
		Adjusted Budget	%	Budget Year		%	Budget Year +1		%	
RECEIPTS:	1, 2									
<u>Capital Transfers and Grants</u>										
National Government:		48,152		25,659		35,067		35,694		
Provincial Government:		31,203		1,716		–		–		
		79,355	95.26	27,375	62.99	35,067	66.36	35,694	63.53	
Internally Generated funds		3,949	4.74	16,083	37.01	17,777	33.64	20,491	36.47	
Total Capital Funding		83,303	100.00	43,458	100.00	52,844	100.00	56,185	100.00	

The above table is graphically represented as follows for the 2012/13 financial year.



**Figure 5 Sources of capital revenue for the 2012/13 financial year**

Capital grants and receipts equates to 63 per cent of the total funding source which represents R26 million for the 2012/13 financial year and steadily increase to R35 million or 66 per cent by 2013/14. Growth relating to grant receipts is -48, 23 and 5.7 per cent over the medium-term.

**Table 33 MBRR Table SA 18 - Capital transfers and grant receipts**

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>RECEIPTS:</b>	1, 2									
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		13,008	18,581	23,470	15,000	48,152	48,152	25,659	35,067	35,694
Municipal Infrastructure Grant (MIG)		13,008	15,356	11,509	–	21,152	21,152	25,659	27,067	28,632
Neighbourhood Development Partnership		–	3,225	11,961	15,000	27,000	27,000	–	8,000	7,062
<b>Provincial Government:</b>		4,750	24,208	5,876	1,716	31,203	31,203	1,716	–	–
Corridor Development		1,800	–	–	–	–	–	–	–	–
Housing		1,370	24,208	5,876	–	29,487	29,487	–	–	–
Economic Development		1,350	–	–	1,716	1,716	1,716	1,716	–	–
Transport		230	–	–	–	–	–	–	–	–
<b>Total Capital Transfers and Grants</b>	5	17,758	42,789	29,346	16,716	79,355	79,355	27,375	35,067	35,694

### 2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and



- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

**Table 34 MBRR Table A7 - Budget cash flow statement**

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Ratepayers and other		70,801	28,087	29,308	17,642	17,642	17,642	17,642	41,801	45,980	50,577
Government - operating	1	28,085	75,844	67,409	54,152	54,152	54,152	54,152	65,400	71,940	79,134
Government - capital	1	39,598	18,582	25,665	82,453	82,453	82,453	82,453	70,197	77,217	84,939
Interest		731	861	2,002	800	800	800	800	1,500	1,650	1,815
Dividends											
<b>Payments</b>											
Suppliers and employees		(45,881)	(56,804)	(67,005)	(71,659)	(71,659)	(71,659)	(71,659)	(90,493)	(99,542)	(109,497)
Finance charges		(1,687)	(78)	(43)	(611)	(611)	(611)	(611)	-	-	-
Transfers and Grants	1	(43,053)	(28,989)	(13,177)	(4,140)	(4,140)	(4,140)	(4,140)	(7,944)	(8,738)	(9,612)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>48,593</b>	<b>37,504</b>	<b>44,158</b>	<b>78,637</b>	<b>78,637</b>	<b>78,637</b>	<b>78,637</b>	<b>80,461</b>	<b>88,506</b>	<b>97,356</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE			85								
Decrease (Increase) in non-current debtors											
Decrease (increase) other non-current receivables											
Decrease (increase) in non-current investments											
<b>Payments</b>											
Capital assets		(32,657)	(19,703)	(40,076)	(72,687)	(72,687)	(72,687)	(72,687)	(70,197)	(77,217)	(84,938)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(32,657)</b>	<b>(19,618)</b>	<b>(40,076)</b>	<b>(72,687)</b>	<b>(72,687)</b>	<b>(72,687)</b>	<b>(72,687)</b>	<b>(70,197)</b>	<b>(77,217)</b>	<b>(84,938)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans											
Borrowing long term/refinancing											
Increase (decrease) in consumer deposits		(38)	-	50					-	-	
<b>Payments</b>											
Repayment of borrowing		(6,230)	(210)	(196)							
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(6,268)</b>	<b>(210)</b>	<b>(196)</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>9,669</b>	<b>17,675</b>	<b>3,886</b>	<b>6,000</b>	<b>5,950</b>	<b>5,950</b>	<b>5,950</b>	<b>10,264</b>	<b>11,290</b>	<b>12,418</b>
Cash/cash equivalents at the year begin:	2	<b>4,545</b>	<b>14,214</b>	<b>31,890</b>	<b>35,775</b>	<b>35,775</b>	<b>35,775</b>	<b>35,775</b>	<b>41,725</b>	<b>51,989</b>	<b>63,279</b>
Cash/cash equivalents at the year end:	2	<b>14,214</b>	<b>31,890</b>	<b>35,775</b>	<b>41,775</b>	<b>41,725</b>	<b>41,725</b>	<b>41,725</b>	<b>51,989</b>	<b>63,279</b>	<b>75,696</b>

The above table shows that cash and cash equivalents of the Municipality were largely depleted between the 2008/09 and 2012/13 financial year moving from a positive cash balance of R14 million to a surplus of R42 million with the approved 2011/12 MTREF. With the 2011/12 adjustments budget various cost efficiencies and savings had to be realised to ensure the Municipality could meet its operational expenditure commitments. In addition the Municipality undertook an extensive debt collection process to boost cash levels. These initiatives and interventions have translated into a positive cash position for the Municipality and it is projected that cash and cash equivalents on hand will increase to R52 million by the financial year end. For the 2012/13 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels anticipated to exceed R63 million by 2013/14 and steadily increasing to R76 million by 2014/15.

## 2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

**Table 35 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation**

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	14,214	31,890	35,775	41,775	41,725	41,725	41,725	51,989	63,279	75,696
Other current investments > 90 days		(0)	(0)	(0)	(16,775)	(16,725)	(16,725)	(8,725)	(14,489)	(22,279)	(31,696)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>14,214</b>	<b>31,889</b>	<b>35,775</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>	<b>33,000</b>	<b>37,500</b>	<b>41,000</b>	<b>44,000</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		9,239	16,349	292	4,000	4,000	4,000	3,000	2,000	2,500	3,000
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	5,139	6,085	-	-	-	7,000	8,000	9,000	10,000
Other working capital requirements	3	-	-	-	-	-	-	-	-	-	-
Other provisions		1,800	2,690	2,152	2,500	2,500	2,500	2,500	3,000	3,500	4,000
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	1,394	1,504	1,573	1,600	1,600	1,600	1,600	1,650	1,700	1,780
<b>Total Application of cash and investments:</b>		<b>12,433</b>	<b>25,681</b>	<b>10,103</b>	<b>8,100</b>	<b>8,100</b>	<b>8,100</b>	<b>14,100</b>	<b>14,650</b>	<b>16,700</b>	<b>18,780</b>
<b>Surplus(shortfall)</b>		<b>1,782</b>	<b>6,208</b>	<b>25,673</b>	<b>16,900</b>	<b>16,900</b>	<b>16,900</b>	<b>18,900</b>	<b>22,850</b>	<b>24,300</b>	<b>25,220</b>

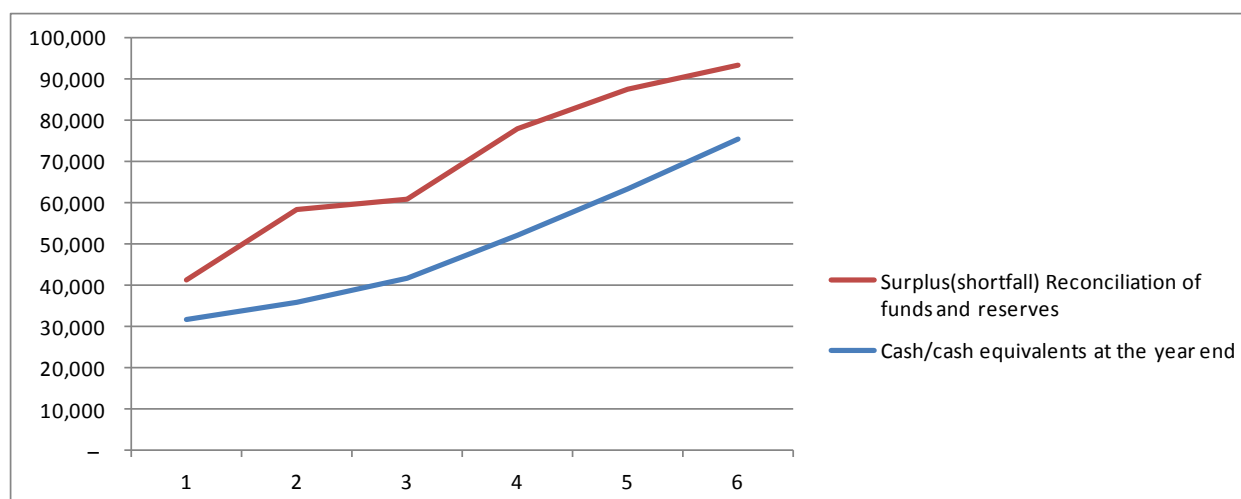
From the above table it can be seen that the cash and investments available total R26 million in the 2012/13 financial year and comes to R17.7 million by 2014/15, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued. During the 2011/12 financial year the municipality was required to supply National Treasury with a detailed analysis of the unspent grants as well as an action plan of spending the grants. For the 2012/13 financial year no provision has been made for this liability as the total

- unspent conditional grant liability of R3 million has been factored into the 2012/13 capital programme of the Municipality. The Municipality has received the necessary roll-over approval from the National Treasury as the funding appropriation relating to the unspent conditional grants could be motivated as part of existing projects.
- There is no unspent borrowing from the previous financial years. In terms of the municipality's Borrowing and Investments Policy, borrowings are only drawn down once the expenditure has been incurred against the particular project. Unspent borrowing is ring-fenced and reconciled on a monthly basis to ensure no unnecessary liabilities are incurred.
  - Provisions for statutory requirements include VAT owing to timing differences resulting from year- end obligations. The liability in this regard totalled (R3 million) for the 2012/13 financial year.
  - The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, as was experienced by the Municipality in 2011/12 resulting in cash flow challenges. For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations.
  - Against other provisions an amount R3 million has been provided for the 2012/13 financial year and this increases to R4 million by 2014/15. This liability is informed by, amongst others, the supplementary pension liability.
  - Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are not fully cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy. These include the rehabilitation of landfill sites and quarries.

It can be concluded that the Municipality has a surplus against the cash backed and accumulated surpluses reconciliation. It needs to be noted that for all practical purposes the 2011/12 MTREF was funded when considering the funding requirements of section 18 and 19 of the MFMA. The 2012/13 MTREF has been informed by ensuring the financial plan meets the minimum requirements of the MFMA. From a pure cash flow perspective (cash out flow versus cash inflow) the budget is funded and is therefore credible. The challenge for the Municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

The following graph supplies an analysis of the trends relating cash and cash equivalents and the cash backed reserves/accumulated funds reconciliation over a seven year perspective.



**Figure 6 Cash and cash equivalents / Cash backed reserves and accumulated funds**

### 2.6.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

**Table 36 MBRR SA10 – Funding compliance measurement**

Description	MFMA section	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Funding measures</b>												
Cash/cash equivalents at the year end - R'000	18(1)b	1	14,214	31,890	35,775	41,775	41,725	41,725	41,725	51,989	63,279	75,696
Cash + investments at the yr end less applications - R'000	18(1)b	2	73,229	9,279	22,841	18,413	19,154	19,154	13,651	26,175	24,194	17,720
Cash year end/monthly employee/supplier payments	18(1)b	3	3.4	3.0	5.3	6.0	6.0	6.0	6.0	7.1	8.1	9.1
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	1,545	(14,311)	35,051	2	2	2	2	(0)	0	0
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	16.3%	(8.6%)	(6.5%)	(6.0%)	(6.0%)	(6.0%)	6.4%	(0.6%)	(0.2%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	221.7%	68.9%	69.0%	37.6%	43.8%	43.8%	43.8%	77.7%	81.1%	84.3%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	0.0%	90.1%	28.2%	12.4%	12.4%	12.4%	12.4%	6.4%	6.4%	6.4%
Capital payments % of capital expenditure	18(1)c;19	8	162.1%	45.7%	131.5%	103.5%	87.3%	87.3%	87.3%	161.5%	146.1%	151.2%
Borrowing receipts % of capital expenditure (ex cl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	(71.7%)	(28.0%)	79.3%	0.0%	0.0%	(66.7%)	0.0%	(29.2%)	(100.0%)
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	5.9%	3.8%	2.0%	3.7%	13.2%	13.2%	4.1%	3.8%	3.7%	0.1%
Asset renew al % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	85.3%	50.5%	8.3%

#### 2.6.5.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a

risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2012/13 MTREF shows R51 million, R63 million and R75 million for each respective financial year.

#### *2.6.5.2 Cash plus investments less application of funds*

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 19, on page 30. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

#### *2.6.5.3 Monthly average payments covered by cash or cash equivalents*

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been increasing steadily for the period 2008/09 to 2011/12, moving from 3.4 to 6.0 with the adopted 2011/12 MTREF. As part of the 2012/13 MTREF the municipalities improving cash position causes the ratio to move upwards to 7.1 and then increase slightly to 8.1 for the outer years. As indicated above the Municipality aims to achieve at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

#### *2.6.5.4 Surplus/deficit excluding depreciation offsets*

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

#### *2.6.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target*

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 6, 0.6 and 0.2 per cent for the respective financial year of the 2012/13 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 6 per cent, with the increase in electricity at 11.05 per cent it is to be expected that the increase in revenue will exceed the inflation target figures. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

#### *2.6.5.6 Cash receipts as a percentage of ratepayer and other revenue*

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 161, 146 and 151 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 90 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

#### *2.6.5.7 Debt impairment expense as a percentage of billable revenue*

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 6.4, 6.4 and 6.4 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

#### *2.6.5.8 Capital payments percentage of capital expenditure*

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 2 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that creditors be paid within 30 days.

#### *2.6.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)*

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 0 per cent of own funded capital. Further details relating to the borrowing strategy of the Municipality can be found on page 56.

*2.6.5.10 Transfers/grants revenue as a percentage of Government transfers/grants available*

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

*2.6.5.11 Consumer debtors change (Current and Non-current)*

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtors accounts within 30 days.

*2.6.5.12 Repairs and maintenance expenditure level*

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance is contained in Table 50 MBRR SA34C on page 82.

*2.6.5.13 Asset renewal/rehabilitation expenditure level*

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 49 MBRR SA34b on page 81.

## 2.7 Expenditure on grants and reconciliations of unspent funds

**Table 37 MBRR SA19 - Expenditure on transfers and grant programmes**

Description R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>RECEIPTS:</b>	1, 2									
<u><b>Operating Transfers and Grants</b></u>										
<b>National Government:</b>		30,825	41,834	51,442	59,298	59,298	59,298	67,309	72,523	78,714
Local Government Equitable Share		29,925	40,645	49,629	57,058	57,058	57,058	65,009	69,873	76,014
Finance Management		500	750	1,141	1,450	1,450	1,450	1,500	1,750	1,750
Municipal Systems Improvement		400	439	672	790	790	790	800	900	950
<b>Provincial Government:</b>		2,151	1,009	1,104	2,546	2,546	2,546	1,037	1,446	1,525
Health subsidy		722	1,009	1,104	1,833	1,833	1,833	296	312	330
Sport and Recreation		1,350	–	–	150	150	150	150	–	–
Provincialization of libraries		–	–	–	467	467	467	490	1,028	1,084
Labrary		79	–	–	96	96	96	101	106	111
Provincialization of libraries										
<b>Total Operating Transfers and Grants</b>	5	32,976	42,842	52,546	61,844	61,844	61,844	68,346	73,969	80,239
<u><b>Capital Transfers and Grants</b></u>										
<b>National Government:</b>		13,008	18,581	23,470	33,152	48,152	48,152	25,659	35,067	35,694
Municipal Infrastructure Grant (MIG)		13,008	15,356	11,509	21,152	21,152	21,152	25,659	27,067	28,632
Neighbourhood Development Partnership		–	3,225	11,961	12,000	27,000	27,000	–	8,000	7,062
<b>Provincial Government:</b>		4,750	24,208	5,876	29,487	31,203	31,203	1,716	–	–
Corridor Development		1,800	–	–	–	–	–	–	–	–
Housing		1,370	24,208	5,876	29,487	29,487	29,487	–	–	–
Economic Development		1,350	–	–	–	1,716	1,716	1,716	–	–
Transport		230	–	–	–	–	–	–	–	–
<b>Total Capital Transfers and Grants</b>	5	17,758	42,789	29,346	62,639	79,355	79,355	27,375	35,067	35,694
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		50,734	85,631	81,892	124,483	141,199	141,199	95,721	109,036	115,933



**Table 38 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds**

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousand</b>										
<b>Operating transfers and grants:</b>	1,3									
<b>National Government:</b>										
Balance unspent at beginning of the year										
Current year receipts		30,825	41,834	51,442	59,298	59,298	59,298	67,309	72,523	78,714
<b>Conditions met - transferred to revenue</b>		<b>30,825</b>	<b>41,834</b>	<b>51,442</b>	<b>59,298</b>	<b>59,298</b>	<b>59,298</b>	<b>67,309</b>	<b>72,523</b>	<b>78,714</b>
Conditions still to be met - transferred to liabilities										
<b>Provincial Government:</b>										
Balance unspent at beginning of the year										
Current year receipts		4,955	1,335	2,720	3,346	3,346	3,346	1,037	1,446	1,525
<b>Conditions met - transferred to revenue</b>		<b>4,955</b>	<b>1,335</b>	<b>2,720</b>	<b>3,346</b>	<b>3,346</b>	<b>3,346</b>	<b>1,037</b>	<b>1,446</b>	<b>1,525</b>
Conditions still to be met - transferred to liabilities										
<b>District Municipality:</b>										
Balance unspent at beginning of the year										
Current year receipts										
<b>Conditions met - transferred to revenue</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities										
<b>Other grant providers:</b>										
Balance unspent at beginning of the year										
Current year receipts		14,599	44,515	48,177	2,500	2,500	2,500	500	1,000	1,500
<b>Conditions met - transferred to revenue</b>		<b>14,599</b>	<b>44,515</b>	<b>48,177</b>	<b>2,500</b>	<b>2,500</b>	<b>2,500</b>	<b>500</b>	<b>1,000</b>	<b>1,500</b>
Conditions still to be met - transferred to liabilities										
<b>Total operating transfers and grants revenue</b>		<b>50,379</b>	<b>87,684</b>	<b>102,339</b>	<b>65,144</b>	<b>65,144</b>	<b>65,144</b>	<b>68,846</b>	<b>74,969</b>	<b>81,739</b>
<b>Total operating transfers and grants - CTBM</b>	2	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital transfers and grants:</b>	1,3									
<b>National Government:</b>										
Balance unspent at beginning of the year										
Current year receipts		17,758	42,789	29,346	62,639	79,355	79,355	27,375	35,067	35,694
<b>Conditions met - transferred to revenue</b>		<b>17,758</b>	<b>42,789</b>	<b>29,346</b>	<b>62,639</b>	<b>79,355</b>	<b>79,355</b>	<b>27,375</b>	<b>35,067</b>	<b>35,694</b>
Conditions still to be met - transferred to liabilities										
<b>Provincial Government:</b>										
Balance unspent at beginning of the year										
Current year receipts										
<b>Conditions met - transferred to revenue</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities										
<b>District Municipality:</b>										
Balance unspent at beginning of the year										
Current year receipts										
<b>Conditions met - transferred to revenue</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities										
<b>Other grant providers:</b>										
Balance unspent at beginning of the year										
Current year receipts										
<b>Conditions met - transferred to revenue</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities										
<b>Total capital transfers and grants revenue</b>		<b>17,758</b>	<b>42,789</b>	<b>29,346</b>	<b>62,639</b>	<b>79,355</b>	<b>79,355</b>	<b>27,375</b>	<b>35,067</b>	<b>35,694</b>
<b>Total capital transfers and grants - CTBM</b>	2	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>		<b>68,136</b>	<b>130,472</b>	<b>131,686</b>	<b>127,783</b>	<b>144,499</b>	<b>144,499</b>	<b>96,221</b>	<b>110,036</b>	<b>117,433</b>
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 2.8 Councillor and employee benefits

**Table 39 MBRR SA22 - Summary of councillor and staff benefits**

Summary of Employee and Councillor remuneration R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
	1	A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>										
Basic Salaries and Wages		4,038	4,543	4,573	5,629	5,629	5,629	5,910	6,229	6,591
Pension and UIF Contributions										
Medical Aid Contributions										
Motor Vehicle Allowance		851	1,002	1,022	1,268	1,268	1,268	1,317	1,388	1,469
Cellphone Allowance		313	335	334	384	384	384	376	397	420
Housing Allowances		315	334	282	356	356	356	366	386	408
Other benefits and allowances										
<b>Sub Total - Councillors</b>		<b>5,517</b>	<b>6,214</b>	<b>6,211</b>	<b>7,637</b>	<b>7,637</b>	<b>7,637</b>	<b>7,969</b>	<b>8,400</b>	<b>8,887</b>
<b>% increase</b>	4		<b>12.6%</b>	<b>(0.0%)</b>	<b>23.0%</b>	<b>-</b>	<b>-</b>	<b>4.4%</b>	<b>5.4%</b>	<b>5.8%</b>
<b>Senior Managers of the Municipality</b>	2									
Basic Salaries and Wages		-	-	-	-	-	-	3,031	3,194	3,380
Pension and UIF Contributions		-	-	-	-	-	-	251	264	279
Medical Aid Contributions		-	-	-	-	-	-	135	142	151
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		194	-	-	364	364	364	214	226	239
Motor Vehicle Allowance	3	-	-	-	-	-	-	924	974	1,030
Cellphone Allowance	3	-	-	-	-	-	-	77	82	86
Housing Allowances	3	-	-	-	-	-	-	76	80	84
Other benefits and allowances	3	-	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>		<b>194</b>	<b>-</b>	<b>-</b>	<b>364</b>	<b>364</b>	<b>364</b>	<b>4,707</b>	<b>4,962</b>	<b>5,249</b>
<b>#REF!</b>	increase		<b>(100.0%)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,192.6%</b>	<b>5.4%</b>	<b>5.8%</b>
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		15,815	17,797	17,083	25,729	27,111	27,111	27,100	28,564	30,220
Pension and UIF Contributions		2,476	2,642	2,966	3,217	3,452	3,452	3,333	3,513	3,717
Medical Aid Contributions		1,065	1,247	1,490	1,570	1,676	1,676	2,114	2,228	2,357
Overtime		258	225	437	187	204	204	179	189	200
Performance Bonus										
Motor Vehicle Allowance	3	1,533	1,643	1,854	2,248	2,393	2,393	3,594	3,788	4,008
Cellphone Allowance	3	104	121	164	221	233	233	152	160	169
Housing Allowances	3	212	158	135	224	256	256	219	231	244
Other benefits and allowances	3	-	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	452	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	494	-	-	-	-	-	-
<b>Sub Total - Other Municipal Staff</b>		<b>21,462</b>	<b>23,832</b>	<b>25,074</b>	<b>33,394</b>	<b>35,325</b>	<b>35,325</b>	<b>36,691</b>	<b>38,672</b>	<b>40,915</b>
<b>#REF!</b>	increase		<b>11.0%</b>	<b>5.2%</b>	<b>33.2%</b>	<b>5.8%</b>	<b>-</b>	<b>3.9%</b>	<b>5.4%</b>	<b>5.8%</b>
<b>Total Parent Municipality</b>		<b>27,173</b>	<b>30,046</b>	<b>31,285</b>	<b>41,396</b>	<b>43,327</b>	<b>43,327</b>	<b>49,368</b>	<b>52,034</b>	<b>55,052</b>
			<b>10.6%</b>	<b>4.1%</b>	<b>32.3%</b>	<b>4.7%</b>	<b>-</b>	<b>13.9%</b>	<b>5.4%</b>	<b>5.8%</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		<b>27,173</b>	<b>30,046</b>	<b>31,285</b>	<b>41,396</b>	<b>43,327</b>	<b>43,327</b>	<b>49,368</b>	<b>52,034</b>	<b>55,052</b>
<b>#REF!</b>	increase		<b>10.6%</b>	<b>4.1%</b>	<b>32.3%</b>	<b>4.7%</b>	<b>-</b>	<b>13.9%</b>	<b>5.4%</b>	<b>5.8%</b>
<b>TOTAL MANAGERS AND STAFF</b>	5	<b>21,656</b>	<b>23,832</b>	<b>25,074</b>	<b>33,759</b>	<b>35,690</b>	<b>35,690</b>	<b>41,398</b>	<b>43,634</b>	<b>46,165</b>

**Table 40 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)**

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions 1.	Allowances	Performance Bonuses	In-kind benefits	Total Package 2.
<b>Rand per annum</b>								
<b><u>Councillors</u></b>	3							
Speaker	4		462,627	5,567	94,108			562,303
Chief Whip								-
Executive Mayor			298,051	3,995	101,443			403,488
Deputy Executive Mayor			260,635	3,308	70,174			334,117
Executive Committee			1,042,540	14,390	396,436			1,453,365
Total for all other councillors			3,767,362	51,645	1,397,149			5,216,156
<b>Total Councillors</b>	8	-	<b>5,831,214</b>	<b>78,905</b>	<b>2,059,310</b>			<b>7,969,429</b>
<b><u>Senior Managers of the Municipality</u></b>	5							
Municipal Manager (MM)			705,953	88,625	251,400	28,238		1,074,217
Chief Finance Officer			581,162	74,246	206,400	46,493		908,301
Director Corporate Services			581,162	74,246	206,400	46,493		908,301
Director Technical Services			581,162	74,246	206,400	46,493		908,301
Director Development Planning			581,162	74,246	206,400	46,493		908,301
Director Community Services								-
<b>Total Senior Managers of the Municipality</b>	8	-	<b>3,030,601</b>	<b>385,608</b>	<b>1,077,000</b>	<b>214,210</b>		<b>4,707,419</b>
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>		-	<b>8,861,815</b>	<b>464,513</b>	<b>3,136,310</b>	<b>214,210</b>		<b>12,676,848</b>

**Table 41 MBRR SA24 – Summary of personnel numbers**

Summary of Personnel Numbers Number	Ref	2010/11			Current Year 2011/12			Budget Year 2012/13		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>										
Councillors (Political Office Bearers plus Other Councillors)		32	32		34	34		34	34	
Board Members of municipal entities	4									
<b>Municipal employees</b>	5									
Municipal Manager and Senior Managers	3	4	4		4	4		5	4	
Other Managers	7	7	7		7	7		11	7	
Professionals		5	5	–	5	5	–	29	13	–
Finance								5	3	
Spatial/town planning								3	2	
Information Technology										
Roads								1	1	
Electricity								1	1	
Water										
Sanitation										
Refuse										
Other		5	5		5	5		19	6	
Technicians		6	6	–	6	6	–	31	21	–
Finance								10	6	
Spatial/town planning										
Information Technology										
Roads										
Electricity								2	1	
Water										
Sanitation										
Refuse										
Other		6	6		6	6		19	14	
Clerks (Clerical and administrative)		34	34		34	34		63	39	
Service and sales workers		25	25		25	25		46	29	
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators		48	48		48	48		21	14	
Elementary Occupations		13	13		13	13		65	25	
<b>TOTAL PERSONNEL NUMBERS</b>		<b>174</b>	<b>174</b>	<b>–</b>	<b>176</b>	<b>176</b>	<b>–</b>	<b>305</b>	<b>186</b>	<b>–</b>
<b>% increase</b>					1.1%	1.1%	–	73.3%	5.7%	–
<b>Total municipal employees headcount</b>	6									
Finance personnel headcount	8									
Human Resources personnel headcount	8									

## 2.9 Monthly targets for revenue, expenditure and cash flow

Table 42 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Revenue By Source</b>																
Property rates			2,660	2,660	2,660	2,660	2,660	2,660	2,660	2,660	2,660	2,660	–	26,596	28,032	29,676
Property rates - penalties & collection charges	38	38	38	38	38	38	38	38	38	38	38	38	38	450	474	502
Service charges - electricity revenue	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	12,598	13,278	14,048
Service charges - water revenue													–	–	–	–
Service charges - sanitation revenue													–	–	–	–
Service charges - refuse revenue	489	489	489	489	489	489	489	489	489	489	489	489	489	5,874	6,191	6,550
Service charges - other													–	–	–	–
Rental of facilities and equipment	16	16	16	16	16	16	16	16	16	16	16	16	16	190	200	212
Interest earned - external investments	150	150	150	150	150	150	150	150	150	150	150	150	150	1,800	1,897	2,007
Interest earned - outstanding debtors	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Dividends received													–	–	–	–
Fines	5	5	5	5	5	5	5	5	5	5	5	5	5	55	58	61
Licences and permits	21	21	21	21	21	21	21	21	21	21	21	21	21	250	264	279
Agency services													–	–	–	–
Transfers recognised - operational	5,737	5,737	5,737	5,737	5,737	5,737	5,737	5,737	5,737	5,737	5,737	5,737	5,737	68,846	74,969	81,739
Other revenue	1,253	1,253	1,253	1,253	1,253	1,253	1,253	1,253	1,253	1,253	1,253	1,253	1,253	15,042	15,854	16,773
Gains on disposal of PPE													–	–	–	–
<b>Total Revenue (excluding capital transfers and co</b>		<b>8,759</b>	<b>11,418</b>	<b>11,418</b>	<b>11,418</b>	<b>11,418</b>	<b>11,418</b>	<b>11,418</b>	<b>11,418</b>	<b>11,418</b>	<b>11,418</b>	<b>11,418</b>	<b>8,759</b>	<b>131,700</b>	<b>141,217</b>	<b>151,848</b>
<b>Expenditure By Type</b>																
Employee related costs	3,450	3,450	3,450	3,450	3,450	3,450	3,450	3,450	3,450	3,450	3,450	3,450	3,450	41,398	43,634	46,165
Remuneration of councillors	664	664	664	664	664	664	664	664	664	664	664	664	664	7,969	8,400	8,887
Debt impairment	237	237	237	237	237	237	237	237	237	237	237	237	237	2,842	2,996	3,169
Depreciation & asset impairment	397	397	397	397	397	397	397	397	397	397	397	397	397	4,759	5,593	5,912
Finance charges	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Bulk purchases	775	775	775	775	775	775	775	775	775	775	775	775	775	9,300	9,802	10,371
Other materials	960	960	960	960	960	960	960	960	960	960	960	960	960	11,523	12,145	12,850
Contracted services	918	918	918	918	918	918	918	918	918	918	918	918	918	11,014	11,609	12,282
Transfers and grants	419	419	419	419	419	419	419	419	419	419	419	419	419	5,032	6,356	7,058
Other expenditure	1,815	1,815	1,815	1,815	1,815	1,815	1,815	1,815	1,815	1,815	1,815	1,815	1,815	21,778	22,905	24,663
Loss on disposal of PPE													–	–	–	–
<b>Total Expenditure</b>		<b>9,635</b>	<b>9,635</b>	<b>9,635</b>	<b>9,635</b>	<b>9,635</b>	<b>9,635</b>	<b>9,635</b>	<b>9,635</b>	<b>9,635</b>	<b>9,635</b>	<b>9,635</b>	<b>9,635</b>	<b>115,617</b>	<b>123,440</b>	<b>131,357</b>
<b>Surplus/(Deficit)</b>		<b>(876)</b>	<b>1,784</b>	<b>1,784</b>	<b>1,784</b>	<b>1,784</b>	<b>1,784</b>	<b>1,784</b>	<b>1,784</b>	<b>1,784</b>	<b>1,784</b>	<b>1,784</b>	<b>(876)</b>	<b>16,083</b>	<b>17,777</b>	<b>20,491</b>
Transfers recognised - capital	(2,281)	(2,281)	(2,281)	(2,281)	(2,281)	(2,281)	(2,281)	(2,281)	(2,281)	(2,281)	(2,281)	(2,281)	(2,281)	(27,375)	(35,067)	(35,694)
Contributions recognised - capital	2,281	2,281	2,281	2,281	2,281	2,281	2,281	2,281	2,281	2,281	2,281	2,281	2,281	27,375	35,067	35,694
Contributed assets	(1,340)	(1,340)	(1,340)	(1,340)	(1,340)	(1,340)	(1,340)	(1,340)	(1,340)	(1,340)	(1,340)	(1,340)	(1,340)	(16,083)	(17,777)	(20,491)
<b>Surplus/(Deficit) after capital transfers &amp;</b>		<b>(2,216)</b>	<b>443</b>	<b>443</b>	<b>443</b>	<b>443</b>	<b>443</b>	<b>443</b>	<b>443</b>	<b>443</b>	<b>443</b>	<b>443</b>	<b>(2,216)</b>	<b>0</b>	<b>(0)</b>	<b>0</b>
Taxation													–	–	–	–
Attributable to minorities													–	–	–	–
Share of surplus/ (deficit) of associate													–	–	–	–
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>(2,216)</b>	<b>443</b>	<b>443</b>	<b>443</b>	<b>443</b>	<b>443</b>	<b>443</b>	<b>443</b>	<b>443</b>	<b>443</b>	<b>443</b>	<b>(2,216)</b>	<b>0</b>	<b>(0)</b>	<b>0</b>

**Table 43 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)**

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Revenue by Vote</b>																
Vote 1 - Executive and Council		345	345	345	345	345	345	345	345	345	345	345	345	4,141	4,684	5,987
Vote 2 - Budget and Terasury		8,405	8,405	8,405	8,405	8,405	8,405	8,405	8,405	8,405	8,405	8,405	8,405	100,863	107,967	115,687
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		67	67	67	67	67	67	67	67	67	67	67	67	806	1,203	1,267
Vote 5 - Sport and Recreation		1	1	1	1	1	1	1	1	1	1	1	1	12	13	13
Vote 6 - Public Safety		29	29	29	29	29	29	29	29	29	29	29	29	344	363	384
Vote 7 - Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Health		25	25	25	25	25	25	25	25	25	25	25	25	296	312	330
Vote 9 - Planning and Development		25	25	25	25	25	25	25	25	25	25	25	25	300	316	335
Vote 10 - Environmental Protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Road transport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Waste Management		830	830	830	830	830	830	830	830	830	830	830	830	9,966	10,504	11,113
Vote 13 - Electricity		1,248	1,248	1,248	1,248	1,248	1,248	1,248	1,248	1,248	1,248	1,248	1,248	14,972	15,856	16,731
<b>Total Revenue by Vote</b>		<b>10,975</b>	<b>10,975</b>	<b>10,975</b>	<b>10,975</b>	<b>10,975</b>	<b>10,975</b>	<b>10,975</b>	<b>10,975</b>	<b>10,975</b>	<b>10,975</b>	<b>10,975</b>	<b>10,975</b>	<b>131,700</b>	<b>141,217</b>	<b>151,848</b>
<b>Expenditure by Vote to be appropriated</b>																
Vote 1 - Executive and Council		1,514	1,514	1,514	1,514	1,514	1,514	1,514	1,514	1,514	1,514	1,514	1,514	18,168	19,149	20,260
Vote 2 - Budget and Terasury		1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	19,202	21,464	23,165
Vote 3 - Corporate Services		724	724	724	724	724	724	724	724	724	724	724	724	8,682	8,969	9,489
Vote 4 - Community and Social Services		600	600	600	600	600	600	600	600	600	600	600	600	7,202	11,077	25,028
Vote 5 - Sport and Recreation		53	53	53	53	53	53	53	53	53	53	53	53	636	3,671	15,710
Vote 6 - Public Safety		687	687	687	687	687	687	687	687	687	687	687	687	8,241	8,686	9,190
Vote 7 - Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Health		220	220	220	220	220	220	220	220	220	220	220	220	2,644	2,787	2,949
Vote 9 - Planning and Development		1,840	1,840	1,840	1,840	1,840	1,840	1,840	1,840	1,840	1,840	1,840	1,840	22,082	31,245	32,928
Vote 10 - Environmental Protection		415	415	415	415	415	415	415	415	415	415	415	415	4,980	6,297	5,966
Vote 11 - Road transport		1,257	1,257	1,257	1,257	1,257	1,257	1,257	1,257	1,257	1,257	1,257	1,257	15,085	3,313	(20,490)
Vote 12 - Waste Management		830	830	830	830	830	830	830	830	830	830	830	830	9,966	10,504	11,113
Vote 13 - Electricity		1,234	1,234	1,234	1,234	1,234	1,234	1,234	1,234	1,234	1,234	1,234	1,234	14,812	14,056	16,541
<b>Total Expenditure by Vote</b>		<b>10,975</b>	<b>10,975</b>	<b>10,975</b>	<b>10,975</b>	<b>10,975</b>	<b>10,975</b>	<b>10,975</b>	<b>10,975</b>	<b>10,975</b>	<b>10,975</b>	<b>10,975</b>	<b>10,975</b>	<b>131,700</b>	<b>141,217</b>	<b>151,848</b>
<b>Surplus/(Deficit) before assoc.</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>0</b>
Taxation														-	-	-
Attributable to minorities														-	-	-
Share of surplus/ (deficit) of associate														-	-	-
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>0</b>

**Table 44 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)**

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Revenue - Standard</b>																
<i>Governance and administration</i>		8,750	8,750	8,750	8,750	8,750	8,750	8,750	8,750	8,750	8,750	8,750	8,750	105,004	112,651	121,674
Executive and council		345	345	345	345	345	345	345	345	345	345	345	345	4,141	4,684	5,987
Budget and treasury office		8,405	8,405	8,405	8,405	8,405	8,405	8,405	8,405	8,405	8,405	8,405	8,405	100,863	107,967	115,687
Corporate services														-	-	-
<i>Community and public safety</i>		122	122	122	122	122	122	122	122	122	122	122	122	1,458	1,890	1,995
Community and social services		67	67	67	67	67	67	67	67	67	67	67	67	806	1,203	1,267
Sport and recreation		1	1	1	1	1	1	1	1	1	1	1	1	12	13	13
Public safety		29	29	29	29	29	29	29	29	29	29	29	29	344	363	384
Housing														-	-	-
Health		25	25	25	25	25	25	25	25	25	25	25	25	296	312	330
<i>Economic and environmental services</i>		25	25	25	25	25	25	25	25	25	25	25	25	300	316	335
Planning and development		25	25	25	25	25	25	25	25	25	25	25	25	300	316	335
Road transport														-	-	-
Environmental protection														-	-	-
<i>Trading services</i>		2,078	2,078	2,078	2,078	2,078	2,078	2,078	2,078	2,078	2,078	2,078	2,078	24,938	26,360	27,844
Electricity		1,248	1,248	1,248	1,248	1,248	1,248	1,248	1,248	1,248	1,248	1,248	1,248	14,972	15,856	16,731
Waste management		830	830	830	830	830	830	830	830	830	830	830	830	9,966	10,504	11,113
<i>Other</i>														-	-	-
<b>Total Revenue - Standard</b>		10,975	10,975	10,975	10,975	10,975	10,975	10,975	10,975	10,975	10,975	10,975	10,975	131,700	141,217	151,848
<b>Expenditure - Standard</b>																
<i>Governance and administration</i>		3,838	3,838	3,838	3,838	3,838	3,838	3,838	3,838	3,838	3,838	3,838	3,838	46,052	49,582	52,913
Executive and council		1,514	1,514	1,514	1,514	1,514	1,514	1,514	1,514	1,514	1,514	1,514	1,514	18,168	19,149	20,260
Budget and treasury office		1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	19,202	21,464	23,165
Corporate services		724	724	724	724	724	724	724	724	724	724	724	724	8,682	8,969	9,489
<i>Community and public safety</i>		1,560	1,560	1,560	1,560	1,560	1,560	1,560	1,560	1,560	1,560	1,560	1,560	18,723	26,221	52,876
Community and social services		600	600	600	600	600	600	600	600	600	600	600	600	7,202	11,077	25,028
Sport and recreation		53	53	53	53	53	53	53	53	53	53	53	53	636	3,671	15,710
Public safety		687	687	687	687	687	687	687	687	687	687	687	687	8,241	8,686	9,190
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		220	220	220	220	220	220	220	220	220	220	220	220	2,644	2,787	2,949
<i>Economic and environmental services</i>		3,512	3,512	3,512	3,512	3,512	3,512	3,512	3,512	3,512	3,512	3,512	3,512	42,148	40,855	18,405
Planning and development		1,840	1,840	1,840	1,840	1,840	1,840	1,840	1,840	1,840	1,840	1,840	1,840	22,082	31,245	32,928
Road transport		1,257	1,257	1,257	1,257	1,257	1,257	1,257	1,257	1,257	1,257	1,257	1,257	15,085	3,313	(20,490)
Environmental protection		415	415	415	415	415	415	415	415	415	415	415	415	4,980	6,297	5,966
<i>Trading services</i>		2,065	2,065	2,065	2,065	2,065	2,065	2,065	2,065	2,065	2,065	2,065	2,065	24,778	24,559	27,654
Electricity		1,234	1,234	1,234	1,234	1,234	1,234	1,234	1,234	1,234	1,234	1,234	1,234	14,812	14,056	16,541
Waste management		830	830	830	830	830	830	830	830	830	830	830	830	9,966	10,504	11,113
<i>Other</i>														-	-	-
<b>Total Expenditure - Standard</b>		10,975	10,975	10,975	10,975	10,975	10,975	10,975	10,975	10,975	10,975	10,975	10,975	131,700	141,217	151,848
<b>Surplus/(Deficit) before assoc.</b>		0	0	0	0	0	0	0	0	0	0	0	0	0	(0)	0
Share of surplus/ (deficit) of associate														-	-	-
<b>Surplus/(Deficit)</b>	1	0	0	0	0	0	0	0	0	0	0	0	0	0	(0)	0



**Table 45 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)**

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousand</b>																
<b>Multi-year expenditure to be appropriated</b>	1															
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Terasury		15	15	15	15	15	15	15	15	15	15	15	15	175	-	-
Vote 3 - Corporate Services		14	14	14	14	14	14	14	14	14	14	14	14	173	-	-
Vote 4 - Community and Social Services		103	103	103	103	103	103	103	103	103	103	103	103	1,230	4,430	18,000
Vote 5 - Sport and Recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	3,000	15,000
Vote 6 - Public Safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Planning and Development		616	616	616	616	616	616	616	616	616	616	616	616	7,391	22,135	21,582
Vote 10 - Environmental Protection		48	48	48	48	48	48	48	48	48	48	48	48	580	1,660	1,060
Vote 11 - Road transport		2,662	2,662	2,662	2,662	2,662	2,662	2,662	2,662	2,662	2,662	2,662	2,662	31,939	21,099	(1,677)
Vote 12 - Waste Management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Electricity		1,970	1,970	1,970	1,970	1,970	1,970	1,970	1,970	1,970	1,970	1,970	(19,700)	1,970	520	2,220
<b>Capital multi-year expenditure sub-total</b>	2	<b>5,427</b>	<b>5,427</b>	<b>5,427</b>	<b>5,427</b>	<b>5,427</b>	<b>5,427</b>	<b>5,427</b>	<b>5,427</b>	<b>5,427</b>	<b>5,427</b>	<b>5,427</b>	<b>(16,243)</b>	<b>43,458</b>	<b>52,844</b>	<b>56,185</b>
<b>Single-year expenditure to be appropriated</b>																
Vote 1 - Executive and Council														-	-	-
Vote 2 - Budget and Terasury														-	-	-
Vote 3 - Corporate Services														-	-	-
Vote 4 - Community and Social Services														-	-	-
Vote 5 - Sport and Recreation														-	-	-
Vote 6 - Public Safety														-	-	-
Vote 7 - Housing														-	-	-
Vote 8 - Health														-	-	-
Vote 9 - Planning and Development														-	-	-
Vote 10 - Environmental Protection														-	-	-
Vote 11 - Road transport														-	-	-
Vote 12 - Waste Management														-	-	-
Vote 13 - Electricity														-	-	-
<b>Capital single-year expenditure sub-total</b>	2	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure</b>	2	<b>5,427</b>	<b>5,427</b>	<b>5,427</b>	<b>5,427</b>	<b>5,427</b>	<b>5,427</b>	<b>5,427</b>	<b>5,427</b>	<b>5,427</b>	<b>5,427</b>	<b>5,427</b>	<b>(16,243)</b>	<b>43,458</b>	<b>52,844</b>	<b>56,185</b>

**Table 46 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)**

Description R thousand	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Capital Expenditure - Standard</b>	1															
<b>Governance and administration</b>		29	29	29	29	29	29	29	29	29	29	29	29	348	-	-
Executive and council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Budget and treasury office		15	15	15	15	15	15	15	15	15	15	15	15	175	-	-
Corporate services		14	14	14	14	14	14	14	14	14	14	14	14	173	-	-
<b>Community and public safety</b>		103	103	103	103	103	103	103	103	103	103	103	103	1,230	7,430	33,000
Community and social services		103	103	103	103	103	103	103	103	103	103	103	103	1,230	4,430	18,000
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	3,000	15,000
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		3,326	3,326	3,326	3,326	3,326	3,326	3,326	3,326	3,326	3,326	3,326	3,326	39,910	44,894	20,965
Planning and development		616	616	616	616	616	616	616	616	616	616	616	616	7,391	22,135	21,582
Road transport		2,662	2,662	2,662	2,662	2,662	2,662	2,662	2,662	2,662	2,662	2,662	2,662	31,939	21,099	(1,677)
Environmental protection		48	48	48	48	48	48	48	48	48	48	48	48	580	1,660	1,060
<b>Trading services</b>		164	164	164	164	164	164	164	164	164	164	164	164	1,970	520	2,220
Electricity		164	164	164	164	164	164	164	164	164	164	164	164	1,970	520	2,220
Water		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	2	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	43,458	52,844	56,185

**Table 47 MBRR SA30 - Budgeted monthly cash flow**

MONTHLY CASH FLOWS	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Cash Receipts By Source															
Property rates	1,884	1,884	1,884	1,884	1,884	1,884	1,884	1,884	1,884	1,884	1,884	1,884	22,607	23,827	25,225
Property rates - penalties & collection charges	32	32	32	32	32	32	32	32	32	32	32	32	383	403	427
Service charges - electricity revenue	892	892	892	892	892	892	892	892	892	892	892	892	10,708	11,286	11,941
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	416	416	416	416	416	416	416	416	416	416	416	416	4,993	5,262	5,568
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	16	16	16	16	16	16	16	16	16	16	16	16	190	200	212
Interest earned - external investments	150	150	150	150	150	150	150	150	150	150	150	150	1,800	1,897	2,007
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	5	5	5	5	5	5	5	5	5	5	5	5	55	58	61
Licences and permits	21	21	21	21	21	21	21	21	21	21	21	21	250	264	279
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operational	5,737	5,737	5,737	5,737	5,737	5,737	5,737	5,737	5,737	5,737	5,737	5,737	68,846	74,969	81,739
Other revenue	1,253	1,253	1,253	1,253	1,253	1,253	1,253	1,253	1,253	1,253	1,253	1,253	15,042	15,854	16,773
Cash Receipts by Source	10,406	10,406	10,406	10,406	10,406	10,406	10,406	10,406	10,406	10,406	10,406	10,406	124,873	134,021	144,231
Other Cash Flows by Source															
Transfer receipts - capital	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	43,458	52,844	56,185
Contributions recognised - capital & Contributed assets													-	-	-
Proceeds on disposal of PPE													-	-	-
Short term loans													-	-	-
Borrowing long term/refinancing													-	-	-
Increase (decrease) in consumer deposits													-	-	-
Decrease (increase) in non-current debtors													-	-	-
Decrease (increase) other non-current receivables													-	-	-
Decrease (increase) in non-current investments													-	-	-
Total Cash Receipts by Source	14,028	14,028	14,028	14,028	14,028	14,028	14,028	14,028	14,028	14,028	14,028	14,028	168,331	186,865	200,417
Cash Payments by Type															
Employee related costs	3,450	3,450	3,450	3,450	3,450	3,450	3,450	3,450	3,450	3,450	3,450	3,450	41,398	43,634	46,165
Remuneration of councillors	664	664	664	664	664	664	664	664	664	664	664	664	7,969	8,400	8,887
Finance charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - Electricity	775	775	775	775	775	775	775	775	775	775	775	775	9,300	9,802	10,371
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	960	960	960	960	960	960	960	960	960	960	960	960	11,523	12,145	12,850
Contracted services	918	918	918	918	918	918	918	918	918	918	918	918	11,014	11,609	12,282
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	419	419	419	419	419	419	419	419	419	419	419	419	5,032	6,356	7,058
Other expenditure	1,815	1,815	1,815	1,815	1,815	1,815	1,815	1,815	1,815	1,815	1,815	1,815	21,778	22,905	24,663
Cash Payments by Type	9,001	9,001	9,001	9,001	9,001	9,001	9,001	9,001	9,001	9,001	9,001	9,001	108,016	114,851	122,276
Other Cash Flows/Payments by Type															
Capital assets	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	43,458	52,844	56,185
Repayment of borrowing													-	-	-
Other Cash Flows/Payments													-	-	-
Total Cash Payments by Type	12,623	12,623	12,623	12,623	12,623	12,623	12,623	12,623	12,623	12,623	12,623	12,623	151,474	167,695	178,461
NET INCREASE/(DECREASE) IN CASH HELD	1,405	1,405	1,405	1,405	1,405	1,405	1,405	1,405	1,405	1,405	1,405	1,405	16,857	19,170	21,956
Cash/cash equivalents at the month/year begin:	35,775	37,180	38,584	39,989	41,394	42,799	44,203	45,608	47,013	48,417	49,822	51,227	35,775	52,632	71,801
Cash/cash equivalents at the month/year end:	37,180	38,584	39,989	41,394	42,799	44,203	45,608	47,013	48,417	49,822	51,227	52,632	52,632	71,801	93,757

## **2.10 Contracts having future budgetary implications**

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

## **2.11 Capital expenditure details**

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

**Table 48 MBRR SA 34a - Capital expenditure on new assets by asset class**

[illegible]

**Table 49 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class**

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	
R thousand	1										
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>											
<b>Infrastructure</b>	1	-	-	-	-	-	-	32,629	20,069	(457)	
Infrastructure - Road transport		-	-	-	-	-	-	30,659	19,849	(2,177)	
Roads, Pavements & Bridges		-	-	-	-	-	-	30,659	19,849	(2,177)	
Storm water		-	-	-	-	-	-	-	-	-	
Infrastructure - Electricity		-	-	-	-	-	-	1,970	220	1,720	
Generation		-	-	-	-	-	-	-	-	-	
Transmission & Reticulation		-	-	-	-	-	-	1,970	220	1,720	
Street Lighting		-	-	-	-	-	-	-	-	-	
Infrastructure - Water		-	-	-	-	-	-	-	-	-	
Dams & Reservoirs		-	-	-	-	-	-	-	-	-	
Water purification		-	-	-	-	-	-	-	-	-	
Reticulation		-	-	-	-	-	-	-	-	-	
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	
Reticulation		-	-	-	-	-	-	-	-	-	
Sewerage purification		-	-	-	-	-	-	-	-	-	
Infrastructure - Other		-	-	-	-	-	-	-	-	-	
Waste Management		-	-	-	-	-	-	-	-	-	
Transportation		2	-	-	-	-	-	-	-	-	
Gas		-	-	-	-	-	-	-	-	-	
Other		3	-	-	-	-	-	-	-	-	
<b>Community</b>		7	-	-	-	-	-	-	1,450	1,050	-
Parks & gardens			-	-	-	-	-	-	100	-	-
Sportsfields & stadia			-	-	-	-	-	-	150	-	-
Swimming pools			-	-	-	-	-	-	-	-	-
Community halls			-	-	-	-	-	-	500	500	-
Libraries			-	-	-	-	-	-	200	-	-
Recreational facilities			-	-	-	-	-	-	-	-	-
Fire, safety & emergency			-	-	-	-	-	-	-	-	-
Security and policing			-	-	-	-	-	-	-	-	-
Buses			-	-	-	-	-	-	-	-	-
Clinics			-	-	-	-	-	-	-	-	-
Museums & Art Galleries			-	-	-	-	-	-	-	-	-
Cemeteries			-	-	-	-	-	-	-	-	-
Social rental housing	8		-	-	-	-	-	-	-	-	
Other	-		-	-	-	-	-	500	550	-	
<b>Heritage assets</b>	9		-	-	-	-	-	-	-	-	-
Buildings			-	-	-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-	-
<b>Investment properties</b>	10		-	-	-	-	-	-	-	-	-
Housing development			-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	
<b>Other assets</b>	10	-	-	-	-	-	-	2,980	5,580	5,100	
General vehicles		-	-	-	-	-	-	-	-	-	
Specialised vehicles		-	-	-	-	-	-	-	-	-	
Plant & equipment		-	-	-	-	-	-	550	100	100	
Computers - hardware/equipment		-	-	-	-	-	-	100	50	-	
Furniture and other office equipment		-	-	-	-	-	-	330	180	-	
Abattoirs		-	-	-	-	-	-	-	-	-	
Markets		-	-	-	-	-	-	-	-	-	
Civic Land and Buildings		-	-	-	-	-	-	2,000	5,000	5,000	
Other Buildings		-	-	-	-	-	-	-	-	-	
Other Land		-	-	-	-	-	-	-	-	-	
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-	
Other		-	-	-	-	-	-	-	250	-	
<b>Agricultural assets</b>	10	-	-	-	-	-	-	-	-	-	
List sub-class		-	-	-	-	-	-	-	-	-	
		-	-	-	-	-	-	-	-	-	
<b>Biological assets</b>	10	-	-	-	-	-	-	-	-	-	
List sub-class		-	-	-	-	-	-	-	-	-	
		-	-	-	-	-	-	-	-	-	
<b>Intangibles</b>	10	-	-	-	-	-	-	-	-	-	
Computers - software & programming		-	-	-	-	-	-	-	-	-	
Other (list sub-class)		-	-	-	-	-	-	-	-	-	
<b>Total Capital Expenditure on renewal of existing assets</b>	1	-	-	-	-	-	-	37,059	26,699	4,643	



**Table 50 MBRR SA34c - Repairs and maintenance expenditure by asset class**

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	
R thousand	1										
Repairs and maintenance expenditure by Asset Class/Sub-class											
Infrastructure	2	953	3,944	1,952	2,707	4,657	4,657	6,957	7,333	214	
Infrastructure - Road transport		673	3,441	1,398	2,150	3,800	3,800	5,900	6,219	75	
Roads, Pavements & Bridges		673	3,441	1,398	2,150	3,800	3,800	5,900	6,219	75	
Storm water		-	-	-	-	-	-	-	-	-	
Infrastructure - Electricity		280	503	554	557	857	857	1,057	1,114	139	
Generation		-	-	-	-	-	-	-	-	-	
Transmission & Reticulation		280	488	477	500	800	800	1,000	1,054	132	
Street Lighting		-	16	77	57	57	57	57	60	7	
Infrastructure - Water		-	-	-	-	-	-	-	-	-	
Dams & Reservoirs		-	-	-	-	-	-	-	-	-	
Water purification		-	-	-	-	-	-	-	-	-	
Reticulation		-	-	-	-	-	-	-	-	-	
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	
Reticulation		-	-	-	-	-	-	-	-	-	
Sewerage purification		-	-	-	-	-	-	-	-	-	
Infrastructure - Other		-	-	-	-	-	-	-	-	-	
Waste Management		-	-	-	-	-	-	-	-	-	
Transportation		-	-	-	-	-	-	-	-	-	
Gas		-	-	-	-	-	-	-	-	-	
Other		-	-	-	-	-	-	-	-	-	
Community		3	466	806	825	2,065	1,565	1,565	1,565	1,650	81
Parks & gardens		7	194	513	633	1,500	1,000	1,000	1,000	1,054	29
Sportsfields & stadia			-	-	-	-	-	-	-	-	-
Swimming pools			44	37	51	235	235	235	235	247	-
Community halls			-	-	-	-	-	-	-	-	-
Libraries			-	-	-	-	-	-	-	-	-
Recreational facilities			-	-	-	-	-	-	-	-	-
Fire, safety & emergency			229	257	141	330	330	330	330	348	53
Security and policing			-	-	-	-	-	-	-	-	-
Buses			-	-	-	-	-	-	-	-	-
Clinics			-	-	-	-	-	-	-	-	-
Museums & Art Galleries			-	-	-	-	-	-	-	-	-
Cemeteries			-	-	-	-	-	-	-	-	-
Social rental housing			-	-	-	-	-	-	-	-	-
Other	-		-	-	-	-	-	-	-	-	
Heritage assets	9		-	-	-	-	-	-	-	-	-
Buildings			-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	
Investment properties	10	-	-	-	-	-	-	-	-	-	
Housing development		-	-	-	-	-	-	-	-	-	
Other		-	-	-	-	-	-	-	-	-	
Other assets		929	2,341	1,475	3,567	2,367	2,367	3,001	3,163	43	
General v ehicles	10	163	68	176	250	250	250	250	264	6	
Specialised vehicles		-	-	-	-	-	-	-	-	-	
Plant & equipment		187	732	552	890	590	590	890	938	1	
Computers - hardw are/equipment		-	-	-	-	-	-	-	-	-	
Furniture and other office equipment		378	750	523	1,327	927	927	761	802	28	
Abattoirs		-	-	-	-	-	-	-	-	-	
Markets		-	-	-	-	-	-	-	-	-	
Civic Land and Buildings		201	791	225	1,100	600	600	1,100	1,159	8	
Other Buildings		-	-	-	-	-	-	-	-	-	
Other Land		-	-	-	-	-	-	-	-	-	
Surplus Assets - (Inv estment or Inventory)		-	-	-	-	-	-	-	-	-	
Other		-	-	-	-	-	-	-	-	-	
Agricultural assets			-	-	-	-	-	-	-	-	
Biological assets			-	-	-	-	-	-	-	-	
Intangibles			-	-	-	-	-	-	-	-	
Computers - software & programming											
Other (list sub-class)											
Total Repairs and Maintenance Expenditure	1	2,349	7,091	4,253	8,339	8,589	8,589	11,523	12,145	338	

<b>Specialised vehicles</b>		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Fire		-	-	-	-	-	-	-	-	-
Conservancy		-	-	-	-	-	-	-	-	-
Ambulances		-	-	-	-	-	-	-	-	-
<b>R&amp;M as a % of PPE</b>		5.9%	3.8%	2.0%	3.7%	13.2%	13.2%	0.0%	0.0%	0.1%
<b>R&amp;M as % Operating Expenditure</b>		2.9%	4.9%	3.8%	7.9%	8.3%	8.3%	0.0%	9.8%	0.3%

**Table 51 MBRR SA35 - Future financial implications of the capital budget**

Vote Description	Ref	2012/13 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	Forecast 2015/16	Forecast 2016/17	Forecast 2017/18	Present value
<b>R thousand</b>								
<b>Capital expenditure</b>	1							
Vote 1 - Executive and Council		-	-	-				
Vote 2 - Budget and Terasury		175	-	-				
Vote 3 - Corporate Services		173	-	-				
Vote 4 - Community and Social Services		1,230	4,430	18,000				
Vote 5 - Sport and Recreation		-	3,000	15,000				
Vote 6 - Public Safety		-	-	-				
Vote 7 - Housing		-	-	-				
Vote 8 - Health		-	-	-				
Vote 9 - Planning and Development		7,391	22,135	21,582				
Vote 10 - Environmental Protection		580	1,660	1,060				
Vote 11 - Road transport		31,939	21,099	(1,677)				
Vote 12 - Waste Management		-	-	-				
Vote 13 - Electricity		1,970	520	2,220				
<i>List entity summary if applicable</i>								
<b>Total Capital Expenditure</b>		<b>43,458</b>	<b>52,844</b>	<b>56,185</b>	-	-	-	-
<b>Future operational costs by vote</b>	2							
Vote 1 - Executive and Council		57	60	64				
Vote 2 - Budget and Terasury		300	316	335				
Vote 3 - Corporate Services		250	264	279				
Vote 4 - Community and Social Services		20	21	22				
Vote 5 - Sport and Recreation		269	284	300				
Vote 6 - Public Safety		500	527	558				
Vote 7 - Housing		-	-	-				
Vote 8 - Health		10	11	11				
Vote 9 - Planning and Development		2,253	2,375	2,513				
Vote 10 - Environmental Protection		580	611	647				
Vote 11 - Road transport		4,026	4,243	4,489				
Vote 12 - Waste Management		-	-	-				
Vote 13 - Electricity		857	904	956				
<i>List entity summary if applicable</i>								
<b>Total future operational costs</b>		<b>9,123</b>	<b>9,616</b>	<b>10,174</b>	-	-	-	-
<b>Future revenue by source</b>	3							
Property rates								
Property rates - penalties & collection charges								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Service charges - other								
Rental of facilities and equipment								
<i>List other revenues sources if applicable</i>								
<i>List entity summary if applicable</i>								
<b>Total future revenue</b>		-	-	-	-	-	-	-
<b>Net Financial Implications</b>		<b>52,581</b>	<b>62,460</b>	<b>66,359</b>	-	-	-	-

Table 52 MBRR SA36 - Detailed capital budget per municipal vote

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2012/13 Medium Term Revenue & Expenditure Framework			Project info
										Audited Outcome 2010/11	Current Year 2011/12 Full Year	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	
R thousand	4				6	3	3	5							Ward location
<b>Parent municipality:</b>															
Refurbishment office accommodation		Refurbishment office accommodation			Yes	Community	Civic Land and Buildings		2,000			2,000	5,000	5,000	Ward 3
Rehabilitation of urban roads		Rehabilitation of urban roads			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges		3,000			3,000	12,000	15,000	ward 13
Rehabilitation of rural roads		Rehabilitation of rural roads			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges		2,000			2,000	5,000	10,000	All
Refurbish 11kv to 6.6kv a network		Refurbish 11kv to 6.6kv a network			Yes	Infrastructure - Electricity	Transmission & Reticulation		1,750			1,750			Ward 3
Sundumbili roads Phase 6		Sundumbili roads Phase 6			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges		3,000			3,000			Ward 14
Inyoni taxi route Phase 1		Inyoni taxi route Phase 1			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges		5,000			5,000			Ward 10
Roads		Roads			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges		17,659			17,659	12,318	22,646	Ward 7,13,14
Informal trader stalls		Informal trader stalls			Yes	Community	Markets		1,716			1,716			ward 7
<b>Parent Capital expenditure</b>															
	1											36,125	34,318	52,646	
<b>Entities:</b>															
<i>List all capital projects grouped by Entity</i>															
<b>Entity A</b>															
Water project A															
<b>Entity B</b>															
Electricity project B															
<b>Entity Capital expenditure</b>															
										-	-	-	-	-	
<b>Total Capital expenditure</b>										-	-	36,125	34,318	52,646	

## 2.12 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting  
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.
2. Internship programme  
The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department.
3. Budget and Treasury Office  
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee  
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan  
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2012/13 MTREF in May 2012 directly aligned and informed by the 2012/13 MTREF.
6. Annual Report  
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training  
The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.
8. Policies  
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

## 2.13 Other supporting documents

**Table 53 MBRR Table SA1 - Supporting detail to budgeted financial performance**

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand											
REVENUE ITEMS:											
<u>Property rates</u>	6										
Total Property Rates		18,430	21,914	20,451	20,361	20,361	20,361	20,361	30,870	32,537	34,424
less Revenue Foregone					3,081	3,081	3,081	3,081	4,274	4,505	4,748
Net Property Rates		18,430	21,914	20,451	17,280	17,280	17,280	17,280	26,596	28,032	29,676
<u>Service charges - electricity revenue</u>	6										
Total Service charges - electricity revenue		5,644	8,225	8,979	10,790	10,790	10,790	10,790	12,598	13,278	14,048
less Revenue Foregone											
Net Service charges - electricity revenue		5,644	8,225	8,979	10,790	10,790	10,790	10,790	12,598	13,278	14,048
<u>Service charges - water revenue</u>	6										
Total Service charges - water revenue											
less Revenue Foregone											
Net Service charges - water revenue		-	-	-	-	-	-	-	-	-	-
<u>Service charges - sanitation revenue</u>											
Total Service charges - sanitation revenue											
less Revenue Foregone											
Net Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-
<u>Service charges - refuse revenue</u>	6										
Total refuse removal revenue		4,523	4,676	4,376	5,541	5,541	5,541	5,541	5,874	6,191	6,550
Total landfill revenue											
less Revenue Foregone											
Net Service charges - refuse revenue		4,523	4,676	4,376	5,541	5,541	5,541	5,541	5,874	6,191	6,550
<u>Other Revenue by source</u>											
Tender fees		27	-	44	20	20	20	20	20	21	22
Town Planning Fees		25	-	-	100	100	100	100	100	105	112
Building Plan Fees		-	25	97	50	50	50	50	50	53	56
Burial		2	-	-	-	-	-	-	-	-	-
Grass Cutting		-	-	-	-	-	-	-	-	-	-
Photocopy Charges		22	34	23	20	20	20	20	20	21	22
Rates Certificates		19	17	15	-	-	-	-	-	-	-
Sundry Income		595	763	575	8,011	1,901	1,901	1,901	9,721	10,246	10,840
VAT Refund		-	2,364	5,537	3,000	3,000	3,000	3,000	5,000	5,270	5,576
Traffic Escort Services		3	-	0	-	-	-	-	-	-	-
Fire Services		-	-	-	21	21	21	21	21	23	24
Pound Fees		-	-	-	23	23	23	23	23	24	26
Garden Bulky		1	-	-	-	-	-	-	-	-	-
Entrance Fees - Swimming Pool		11	13	12	12	12	12	12	12	13	13
Tuck Shop - Swimming Pool		-	0	-	-	-	-	-	-	-	-
Connection Fees		1	20	30	57	57	57	57	57	60	64
Reconnection Fees		30	76	77	17	17	17	17	17	18	19
Total 'Other' Revenue	1	736	3,313	6,409	11,332	5,222	5,222	5,222	15,042	15,854	16,773

**Table 53 MBRR Table SA1 - Supporting detail to budgeted financial performance**  
**(Continued)**

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &			
		Audited	Audited	Audited	Original	Adjusted	Full Year	Pre-audit	Budget Year	Budget Year	Budget Year
R thousand											
EXPENDITURE ITEMS:											
<u>Employee related costs</u>											
Basic Salaries and Wages	2	15,815	17,797	19,901	25,729	27,111	27,111	27,111	30,131	31,758	33,600
Pension and UIF Contributions		2,476	2,642	3,177	3,215	3,450	3,450	3,450	3,584	3,777	3,996
Medical Aid Contributions		1,065	1,247	1,490	1,570	1,676	1,676	1,676	2,249	2,371	2,508
Overtime		258	225	437	187	204	204	204	179	189	200
Performance Bonus		194	-	-	364	364	364	364	214	226	239
Motor Vehicle Allowance		1,533	1,643	1,854	2,248	2,393	2,393	2,393	4,518	4,762	5,038
Cellphone Allowance		104	121	164	221	233	233	233	229	241	255
Housing Allowances		212	158	135	224	256	256	256	295	311	329
Other benefits and allowances											
Payments in lieu of leave					-	-	-	-	-	-	-
Long service awards		-	-	452	-	-	-	-	-	-	-
Post-retirement benefit obligations	4	-	-	494	-	-	-	-	-	-	-
sub-total	5	21,656	23,832	28,103	33,757	35,687	35,687	35,687	41,398	43,634	46,165
<u>Less: Employees costs capitalised to PPE</u>											
Total Employee related costs	1	21,656	23,832	28,103	33,757	35,687	35,687	35,687	41,398	43,634	46,165
<u>Contributions recognised - capital</u>											
List contributions by contract		13,008	15,356	11,509	21,152	21,152	21,152	21,152	25,659	27,067	28,632
		-	3,225	11,961	12,000	27,000	27,000	27,000	-	8,000	7,062
		1,350	-	-	-	1,716	1,716	1,716	1,716	-	-
		1,800	-	-	-	-	-	-	-	-	-
		1,370	24,208	5,876	29,487	29,487	29,487	29,487	-	-	-
		230	-	-	-	-	-	-	-	-	-
Total Contributions recognised - capital		17,758	42,789	29,346	62,639	79,355	79,355	79,355	27,375	35,067	35,694
<u>Depreciation &amp; asset impairment</u>											
Depreciation of Property , Plant & Equipment		-	3,778	17,507	3,307	3,307	3,307	3,307	4,759	5,593	5,912
Lease amortisation											
Capital asset impairment											
Depreciation resulting from revaluation of PPE	10										
Total Depreciation & asset impairment	1	-	3,778	17,507	3,307	3,307	3,307	3,307	4,759	5,593	5,912
<u>Bulk purchases</u>											
Electricity Bulk Purchases		3,351	4,367	5,868	7,586	7,586	7,586	7,586	9,300	9,802	10,371
Water Bulk Purchases											
Total bulk purchases	1	3,351	4,367	5,868	7,586	7,586	7,586	7,586	9,300	9,802	10,371
<u>Transfers and grants</u>											
Cash transfers and grants		3,394	46,614	13,596	7,944	7,944	7,944	7,944	5,032	6,356	7,058
Non-cash transfers and grants		-	-	-	-	-	-	-	-	-	-
Total transfers and grants	1	3,394	46,614	13,596	7,944	7,944	7,944	7,944	5,032	6,356	7,058
<u>Contracted services</u>											
Security - Alarms/Cash in Transit		169	153	122	160	160	160	160	160	169	179
Security Services Contractor		719	1,254	1,803	1,950	2,250	2,250	2,250	2,200	2,319	2,453
Contractors - Refuse		4,720	5,217	7,053	7,867	7,867	7,867	7,867	8,654	9,121	9,650
sub-total	1	5,608	6,623	8,978	9,978	10,278	10,278	10,278	11,014	11,609	12,282
<u>Allocations to organs of state:</u>											
Electricity											
Water											
Sanitation											
Other											
Total contracted services		5,608	6,623	8,978	9,978	10,278	10,278	10,278	11,014	11,609	12,282

**Table 53 MBRR Table SA1 - Supporting detail to budgeted financial performance  
(Continued)**

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand											
<b>Other Expenditure By Type</b>											
Collection costs		251	195	146	–	–	–	–	–	–	–
Contributions to 'other' provisions		28,915	1,306	103	60	60	60	60	60	63	67
Grant in Aid		99	–	95	101	101	101	101	101	106	112
Pauper / Indigent Burial		40	83	92	150	150	150	150	150	158	167
Subsistance & Travelling		245	533	466	656	656	656	656	700	738	781
Vehicle Subsidy		–	0	–	–	–	–	–	–	–	–
Public Functions & Entertainment		21	154	392	332	532	532	532	950	1,001	1,059
Busury Fund		–	–	–	50	50	50	50	130	137	145
Advertising - Statutory		114	168	204	129	229	229	229	500	527	558
Audit		793	996	1,188	1,500	1,200	1,200	1,200	1,500	1,581	1,673
Audit Committees		45	51	78	143	143	143	143	143	151	160
Internal Audit		409	368	375	400	300	300	300	400	422	446
Income Foregone		–	–	834	–	–	–	–	–	–	–
Bank Charges		95	178	212	122	122	122	122	122	129	137
Electricity - Health		22	37	74	33	33	33	33	50	53	56
Special programmes		–	142	191	250	550	550	550	550	580	613
GRAP Implementation		–	–	417	–	100	100	100	–	–	–
Traffic and Law Enforcement Programme		11	–	0	–	–	–	–	–	–	–
Educators Forum		5	4	–	10	10	10	10	10	11	11
Arts and Culture Forum		7	5	3	50	50	50	50	50	53	56
Sports and Recreation		276	330	359	400	500	500	500	400	422	446
Environmental Management Framework Plan		–	–	–	212	12	12	12	212	223	236
Siyaya Development Coastal Plan		–	–	–	53	53	53	53	53	56	59
Housing Forum		1	–	–	10	10	10	10	10	11	11
Shared Service District Town Planning		–	–	(0)	453	453	453	453	883	748	1,097
LED Forum		9	6	22	1,000	400	400	400	1,000	1,054	1,115
Youth programmes		156	262	102	318	468	468	468	318	335	355
Tourism Forum		–	–	–	16	16	16	16	16	17	18
Master system plan/IT plan ,Strategy		203	154	–	–	–	–	–	–	–	–
Environmental Forum		2	1	–	21	21	21	21	21	22	24
Aids Awareness Campaign		35	34	51	500	150	150	150	400	422	446
Ward Committees		16	60	140	282	582	582	582	100	105	112
Community and Municipal Publications		60	–	–	250	50	50	50	150	158	168
Gender Based Support services		–	–	–	5	5	5	5	5	5	6
Hire Charges		391	341	205	358	358	358	358	358	377	399
Insurances - General		180	237	447	229	279	279	279	300	316	335
Licences		151	363	228	322	322	322	322	322	339	359
Licences- Software		–	–	–	200	100	100	100	200	211	223
Leases- Vehicles		747	850	766	1,030	830	830	830	1,200	1,265	1,338
Leases- Office Equipment		127	173	208	308	308	308	308	308	325	344
Literature Acts & Books		18	19	8	33	33	33	33	33	34	36
Office Cleaning		95	93	78	140	140	140	140	140	148	156
Office Teas		6	10	10	19	19	19	19	19	20	21
Public Participation		–	18	524	455	455	455	455	655	690	730
Printing & Stationery		315	250	327	476	476	476	476	476	502	531
Printing and Stationery - Sec		3	0	–	11	11	11	11	11	12	13
Printing and Stationery - Registry		–	6	17	30	30	30	30	30	32	33
Publications		–	95	283	204	404	404	404	204	216	228
Postage		174	213	193	244	244	244	244	244	257	272
Rates - Council Property		6	10	9	159	159	159	159	159	168	178
Railage & Transport		–	–	–	3	3	3	3	3	3	3
Subscriptions		90	108	348	252	252	252	252	652	687	727
Training and Development		426	329	641	751	751	751	751	1,007	1,062	1,123
Telephone		581	1,173	1,154	1,112	1,112	1,112	1,112	1,512	1,594	1,686
Ilembe Water and Sewerage Charges		458	590	362	523	242	242	242	523	551	583
Stock Write Down		(0)	(0)	–	–	–	–	–	–	–	–
Electricity - internal		273	368	491	495	495	495	495	600	632	669
Fuel & Oil		613	771	1,020	1,450	1,150	1,150	1,150	1,800	1,897	2,007
Pension Surcharge		59	55	90	46	96	96	96	85	90	95
Health Supplies		82	56	225	172	272	272	272	300	316	335
Legal & Professional		61	930	1,006	766	766	766	766	800	843	892
Fire Arm Shooting		–	1	1	23	23	23	23	23	24	26
Dog Unit		–	1	2	11	11	11	11	11	12	13
Protection Services		5	10	11	29	29	29	29	29	30	32
Refuse - General		17	88	2	4	4	4	4	4	4	4
Small Tools		25	27	14	60	60	60	60	60	63	67
Sundry Expenses		22	178	10	27	27	27	27	27	28	30
Town Planning Costs		0	95	0	68	68	68	68	68	72	76
Property Revaluation		–	63	150	5,400	1,400	1,400	1,400	300	450	600
Tuck Shop - Expenses		–	1	–	–	–	–	–	–	–	–
Uniforms		79	77	80	131	131	131	131	131	138	146
Workmens Compensation		262	–	150	150	150	150	150	200	211	223
Total 'Other' Expenditure	1	37,095	12,665	14,605	23,194	18,213	18,213	18,213	21,778	22,905	24,663



**Table 53 MBRR Table SA1 - Supporting detail to budgeted financial performance  
(Continued)**

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand											
Repairs and Maintenance	8										
Employee related costs											
Other materials		2,349	7,091	5,432	8,339	8,589	8,589	8,589	11,523	12,145	12,850
Contracted Services											
Other Expenditure											
Total Repairs and Maintenance Expenditure	9	2,349	7,091	5,432	8,339	8,589	8,589	8,589	11,523	12,145	12,850

**Table 54 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)**

Table 55 MBRR Table SA3 – Supporting detail to Statement of Financial Position

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousand</b>											
<b>ASSETS</b>											
Call deposits < 90 days	1	14,731	28,600	34,972	10,000	10,000	10,000	30,000	35,000	38,000	40,000
Other current investments > 90 days											
<b>Total 1</b>	2	<b>14,731</b>	<b>28,600</b>	<b>34,972</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>30,000</b>	<b>35,000</b>	<b>38,000</b>	<b>40,000</b>
1	1	55,237	65,545	62,323	58,000	58,000	58,000	58,000	55,000	30,000	32,000
Less: Provision for debt impairment		(26,854)	(58,649)	(58,400)	(50,000)	(50,000)	(50,000)	(58,000)	(46,000)	(25,000)	(36,000)
<b>Total 1</b>	2	<b>28,383</b>	<b>6,896</b>	<b>3,923</b>	<b>8,000</b>	<b>8,000</b>	<b>8,000</b>	<b>-</b>	<b>9,000</b>	<b>5,000</b>	<b>(4,000)</b>
<b>Debt impairment provision</b>											
Balance at the beginning of the year		27,523	26,854	58,649	(28,000)	(28,000)	(28,000)	58,649	58,649	46,000	25,000
Contributions to the provision		8,485	31,796	9,689	26,500	26,500	26,500	7,000			11,000
Bad debts written off		(9,155)		(9,937)	(6,500)	(6,500)	(6,500)	(6,000)	(12,649)	(21,000)	
<b>Balance at end of year</b>		<b>26,854</b>	<b>58,649</b>	<b>58,400</b>	<b>(8,000)</b>	<b>(8,000)</b>	<b>(8,000)</b>	<b>59,649</b>	<b>46,000</b>	<b>25,000</b>	<b>36,000</b>
<b>3 (PPE)</b>											
PPE at cost/valuation (excl. finance leases)	3	59,896	194,859	233,900	256,000	100,000	100,000	260,000	280,000	300,000	325,000
Leases recognised as PPE											
Less: Accumulated depreciation	2	20,255	9,015	26,071	31,535	35,000	35,000	35,000	37,000	40,000	44,000
<b>Total 3 (PPE)</b>	2	<b>39,640</b>	<b>185,844</b>	<b>207,829</b>	<b>224,465</b>	<b>65,000</b>	<b>65,000</b>	<b>225,000</b>	<b>243,000</b>	<b>260,000</b>	<b>281,000</b>
<b>LIABILITIES</b>											
<b>- 4</b>											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities		210	196	100				100			
<b>Total - 4</b>		<b>210</b>	<b>196</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>-</b>
Trade and other creditors	4	1,372	3,328	7,453	3,000	3,000	3,000	7,000	6,000	7,000	7,500
Unspent conditional transfers		9,239	16,349	292	4,000	4,000	4,000	3,000	2,000	2,500	3,000
VAT		3,724	305		3,000	3,000	3,000				
<b>Total 4</b>	2	<b>14,334</b>	<b>19,982</b>	<b>7,746</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>8,000</b>	<b>9,500</b>	<b>10,500</b>
<b>-</b>											
Borrowing	4	331	134	34				34			
Finance leases (including PPP asset element)											
<b>Total -</b>		<b>331</b>	<b>134</b>	<b>34</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>- non-current</b>											
Retirement benefits			5,139	6,085				7,000	8,000	9,000	10,000
List other major provision items											
Refuse landfill site rehabilitation											
Other											
<b>Total - non-current</b>		<b>-</b>	<b>5,139</b>	<b>6,085</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,000</b>	<b>8,000</b>	<b>9,000</b>	<b>10,000</b>
<b>CHANGES IN NET ASSETS</b>	0										
0 - opening balance		47,358	67,983	196,772	67,438	67,438	67,438	196,773	196,773	196,773	196,773
GRAP adjustments					19,762	19,762	19,762				
Restated balance		47,358	67,983	196,772	87,200	87,200	87,200	196,773	196,773	196,773	196,773
0		(14,311)	35,051	2	2	2	2	(0)	0	0	-
Appropriations to Reserves		13,339	13,497								
Transfers from Reserves											
Depreciation offsets											
Other adjustments		7,286	441								
<b>Accumulated Surplus/(Deficit)</b>	1	<b>53,672</b>	<b>116,972</b>	<b>196,773</b>	<b>87,202</b>	<b>87,202</b>	<b>87,202</b>	<b>196,773</b>	<b>196,773</b>	<b>196,773</b>	<b>196,773</b>
<b>Reserves</b>											
Housing Development Fund		1,394	1,504	1,573	1,600	1,600	1,600	1,600	1,650	1,700	1,780
Capital replacement											
Self-insurance											
Other reserves											
Revaluation											
<b>Total Reserves</b>	2	<b>1,394</b>	<b>1,504</b>	<b>1,573</b>	<b>1,600</b>	<b>1,600</b>	<b>1,600</b>	<b>1,600</b>	<b>1,650</b>	<b>1,700</b>	<b>1,780</b>
	5 2	<b>55,067</b>	<b>118,476</b>	<b>198,346</b>	<b>88,802</b>	<b>88,802</b>	<b>88,802</b>	<b>198,373</b>	<b>198,423</b>	<b>198,473</b>	<b>198,553</b>

**Table 56 MBRR Table SA9 – Social, economic and demographic statistics and assumptions**

**Table 57 MBRR SA32 – List of external mechanisms**

External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand
SizweNsalubaGobodo	Yrs	3	Internal Audit	30 June 2013	475
Mandeni Waste Services	Yrs	5	Refuse removal	30 November 2014	36,000
Enforce	Yrs	3	Security	31 December 2013	5,760
Indwe Insurers	Yrs	3	Insurance	30 June 2013	540
Eqstra Fleet	Yrs	3	Fleet	31 March 2015	3,450

## 2.14 Municipal manager's quality certificate

I S.M. Khanyile, acting municipal manager of Mandeni Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name Siyabonga Khanyile

Municipal manager of Mandeni Municipality (KZN 291)

Signature \_\_\_\_\_

Date 31 May 2012